



**CONCORD MUNICIPAL
LIGHT PLANT**

ELECTRIC | BROADBAND | ENERGY MANAGEMENT

**TOWN OF CONCORD, MASSACHUSETTS
CONCORD MUNICIPAL LIGHT PLANT**

Financial Statements and Supplementary Information
For the Year Ended December 31, 2022

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

To the Municipal Lighting Board
Concord Municipal Light Plant

Opinion

We have audited the financial statements of the Concord Municipal Light Plant (the Plant) (an enterprise fund of the Town of Concord, Massachusetts), as of and for the year ended December 31, 2022, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Concord Municipal Light Plant as of December 31, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

800.282.2440 | melansoncpas.com



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the Concord Municipal Light Plant are intended to present the financial position, changes in financial position, and cash flows of only that portion of the Town of Concord, Massachusetts that is attributable to the transactions of the Concord



Municipal Light Plant. They do not purport to, and do not, present fairly the financial position of the Town of Concord, Massachusetts as of December 31, 2022, and the changes in its financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and certain pension and OPEB schedules 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 evidence sufficient to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Plant's basic statements. The accompanying supplementary information on pages 40 through 42 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Melanson".

Andover, Massachusetts
June 26, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Concord Municipal Light Plant's (the Plant) annual financial report, management provides a narrative discussion and analysis of the Plant's financial activities for the year ended December 31, 2022. The Plant's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

The basic financial statements include (1) the Statement of Net Position, (2) the Statement of Revenues, Expenses, and Changes in Net Position, (3) the Statement of Cash Flows, and (4) Notes to Financial Statements.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users.

Notes to Financial Statements

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

Financial Highlights

The Statement of Net Position is designed to indicate our financial position at a specific point in time. As of December 31, 2022, it shows our net position as \$47,310,219, which comprises \$35,173,611 invested in capital assets net of related long-term debt, \$7,488,870 restricted for the depreciation fund, and \$4,647,738 unrestricted.

The Statement of Revenues, Expenses, and Changes in Net Position summarizes our operating results. The change in net position for the year ended December 31, 2022 was \$1,477,418. The increase in net position was mainly due to due to pension expense and purchased power at the end of the year being less than forecasted.

The Statement of Cash Flows provides information about cash receipts, cash payments, investing, and financing activities during the accounting period. A review of our 2022 Statement of Cash Flows indicates that cash receipts from operating activities adequately covers our operating expenses, debt service principal and interest, and our return on investment to the Town of Concord.

The following is a summary of the Plant's financial data for the current and prior year.

SUMMARY OF NET POSITION

	<u>2022</u>	<u>2021</u>
Assets:		
Current and other assets	\$ 27,194,705	\$ 22,285,602
Capital assets	<u>38,060,155</u>	<u>39,085,750</u>
Total assets	65,254,860	61,371,352
Deferred outflows of resources	2,933,659	2,427,857
Liabilities:		
Long-term liabilities	5,201,696	5,997,884
Other liabilities	<u>11,018,127</u>	<u>8,574,639</u>
Total liabilities	16,219,823	14,572,523
Deferred inflows of resources	4,658,477	3,393,885
Net position:		
Net investment in capital assets	35,173,611	35,569,167
Restricted for depreciation fund	7,488,870	6,083,556
Unrestricted	<u>4,647,738</u>	<u>4,180,078</u>
Total net position	<u>\$ 47,310,219</u>	<u>\$ 45,832,801</u>

SUMMARY OF CHANGES IN NET POSITION

	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 36,026,204	\$ 32,658,336
Operating expenses	<u>(34,626,921)</u>	<u>(31,079,445)</u>
Operating income	1,399,283	1,578,891
Nonoperating revenues (expenses), net	<u>374,135</u>	<u>737,233</u>
Income Before Contributions and Other Items	1,773,418	2,316,124
Return on investment to Town of Concord	<u>(296,000)</u>	<u>(451,500)</u>
Change in net position	1,477,418	1,864,624
Beginning net position	<u>45,832,801</u>	<u>43,968,177</u>
Ending net position	<u>\$ 47,310,219</u>	<u>\$ 45,832,801</u>

Operating revenues for 2022 increased by \$3,367,868 or 10.3% from 2021. Similarly, total operating expenses for 2022 increased by \$3,547,476 or 11.4% from 2021. The increase in operating expenses was primarily the result of both supply and price volatility within global energy markets. The increased cost in purchased power was passed along to the customers of the Plant.

Capital Assets and Debt Administration

Capital Assets

The Plant's total investment in capital assets at year-end was \$38,060,155, net of accumulated depreciation, a decrease of \$1,025,595 from the prior year. This investment in capital assets includes land, construction in progress, structures and improvements, equipment and furnishings, transmission, distribution, and communications assets.

Debt and Other Long-Term Obligations

At December 31, 2022, total bonded debt was \$2,650,000 (exclusive of unamortized bond premium), all of which was backed by the full faith and credit of the Town of Concord, Massachusetts.

Additional information on capital assets and other long-term obligations can be found in the Notes to Financial Statements.

Other Information

Broadband Operations

In 2014, the Plant brought a municipal high-speed internet service (Broadband) to market using its fiber optic network. The April 2013 Annual Town Meeting approved Article 48 which authorized borrowing of up to \$1,000,000 to fund telecommunications startup expenses. An initial borrowing of \$100,000 in 2014 has been fully paid back. In 2016, the Plant borrowed an additional \$500,000 with a one-year bond anticipation note to continue to expand the telecommunications operation. This note was converted into a bond in 2016. The April 2017 Annual Town Meeting approved Article 24 which authorized borrowing of up to \$1,000,000 to fund telecommunications expansion expenses in addition to the 2013 authorization. During 2019, the Plant issued a new bond for telecommunications for \$338,000, which exhausted the 2013 authorization. On November 13 of 2020, an agreement was made between the Plant and Broadband whereas Broadband agreed to pay back the \$1,900,000 loan issued to the Plant to fund the telecommunication startup costs over a 10-year period. On May 20, 2021, Broadband issued an additional \$133,000 of debt for its telecommunications infrastructure. As of December 31, 2022, the Plant had 1,635 commercial and residential broadband customers connected, an increase of 76 customers over the previous year. As of December 31, 2022, annualized operating revenue from Broadband was \$1,464,418.

Requests for Information

This financial report is designed to provide a general overview of the Concord Municipal Light Plant's finances for all those with an interest in the Plant's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Plant Director
Concord Municipal Light Plant
1175 Elm Street
P.O. Box 1029
Concord, Massachusetts 01742

**TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT PLANT**

Statement of Net Position
December 31, 2022

Assets	
Current:	
Unrestricted cash and short-term investments	\$ 1,909,428
Accounts receivable, net of allowance for uncollectible	5,546,442
Prepaid expenses	3,145,826
Inventory	1,291,595
Leases receivable	76,556
Other current assets	<u>62,853</u>
Total current assets	12,032,700
Noncurrent:	
Restricted cash	13,547,577
Investment in associated companies	782,056
Leases receivable, net of current portion	273,569
Net pension asset	558,803
Capital assets:	
Land and construction in progress	2,637,280
Other capital assets, net of accumulated depreciation	<u>35,422,875</u>
Total noncurrent assets	<u>53,222,160</u>
Total Assets	65,254,860
Deferred Outflows of Resources	
Related to pension	1,998,142
Related to OPEB	<u>935,517</u>
Total Deferred Outflows of Resources	2,933,659
Liabilities	
Current:	
Accounts payable	5,985,054
Accrued liabilities	282,260
Customer deposits	585,035
Customer advances for construction	255,922
Unearned revenue	3,909,856
Current portion of long-term liabilities:	
Bonds payable	620,041
Compensated absences	<u>9,298</u>
Total current liabilities	11,647,466
Noncurrent:	
Bonds payable, net of current portion	2,266,501
Net OPEB liability	2,129,201
Compensated absences, net of current portion	<u>176,655</u>
Total noncurrent liabilities	<u>4,572,357</u>
Total Liabilities	16,219,823
Deferred Inflows of Resources	
Related to pension	3,158,423
Related to OPEB	1,149,929
Related to leases	<u>350,125</u>
Total Deferred Inflows of Resources	4,658,477
Net Position	
Net investment in capital assets	35,173,611
Restricted for depreciation fund	7,488,870
Unrestricted	<u>4,647,738</u>
Total Net Position	<u>\$ 47,310,219</u>

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

**TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT PLANT**

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2022

Operating Revenues	
Electric sales	\$ 32,309,501
Internet sales	1,437,923
Rate refund	(1,748,735)
Underground surcharge	528,024
Renewable energy certificate revenue	3,373,115
Other operating revenue	<u>126,376</u>
Total Operating Revenues	36,026,204
Operating Expenses	
Purchase power	24,822,907
Salaries and benefits	3,529,593
Other operating expenses	1,445,866
Depreciation	2,051,394
Customer accounts	1,506,160
Distribution	1,187,147
Transmission	<u>83,854</u>
Total Operating Expenses	<u>34,626,921</u>
Operating Income	1,399,283
Nonoperating Revenues (Expenses)	
Interest income	187,469
Interest expense	(113,965)
Loss on disposal of capital assets	(59,200)
Other expenses	(71,128)
Other revenues	<u>430,959</u>
Total Nonoperating Revenues (Expenses), net	<u>374,135</u>
Income Before Transfers	1,773,418
Return on investment transfer to Town of Concord	<u>(296,000)</u>
Change in Net Position	1,477,418
Net Position at Beginning of Year	<u>45,832,801</u>
Net Position at End of Year	<u>\$ 47,310,219</u>

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

**TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT PLANT**

Statement of Cash Flows
For the Year Ended December 31, 2022

Cash Flows From Operating Activities	
Receipts from customers and users	\$ 36,018,829
Payments to vendors and employees	<u>(33,436,375)</u>
Net Cash Provided By Operating Activities	2,582,454
Cash Flows From Noncapital Financing Activities	
Return on investment to Town of Concord	(296,000)
Other expenses	(71,128)
Other revenues	<u>326,005</u>
Net Cash (Used For) Noncapital Financing Activities	(41,123)
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(1,085,000)
Principal payments on bonds	(570,000)
Interest expense	<u>(113,965)</u>
Net Cash (Used For) Capital and Related Financing Activities	(1,768,965)
Cash Flows From Investing Activities	
Investment income	<u>187,469</u>
Net Cash Provided By Investing Activities	<u>187,469</u>
Net Change in Cash and Short-Term Investments	959,835
Cash and Short Term Investments, Beginning of Year	<u>14,497,170</u>
Cash and Short Term Investments, End of Year	<u>\$ 15,457,005</u>
Reconciliation of Operating Income to Net Cash provided by Operating Activities	
Operating income	\$ 1,399,283
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,051,394
Changes in assets, liabilities, and deferred outflows/inflows:	
Accounts receivable	(1,749,942)
Prepaid expenses	(1,213,217)
Inventory	(33,285)
Net pension asset and related deferrals	(677,253)
Other assets	1,016
Accounts payable	491,383
Accrued liabilities	25,779
Customer advances for construction	183,763
Unearned revenue	1,763,912
Net OPEB liability and related deferrals	411,553
Other liabilities	<u>(71,932)</u>
Net Cash Provided By Operating Activities	<u>\$ 2,582,454</u>

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

CONCORD MUNICIPAL LIGHT PLANT

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

These financial statements present only the Concord Municipal Light Plant (the Plant), an enterprise fund of the Town of Concord, Massachusetts (the Town). These financial statements are not intended to and do not, present fairly the financial position of the Town of Concord, Massachusetts and the results of its operations and cash flows, in accordance with accounting principles generally accepted in the United States of America.

Activities

The Plant purchases electricity which it distributes to consumers within the Town of Concord, Massachusetts. The Plant operates under the provisions of Chapter 164 of Massachusetts General Laws (MGL), with a Municipal Light Board appointed by the Town Manager. The Town Manager appoints the Plant Director who has full charge of the day-to-day operations and management of the Plant, under the general direction of the Town Manager.

Regulation

Under Massachusetts General Laws, the Plant's electric rates are set by the Municipal Light Board. Electric rates, excluding the fuel charge, cannot be changed more often than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general authority over the Plant, the Plant's rates are not subject to DPU approval. The Plant's policy is to prepare its financial statements in conformity with account principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Account Standards board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles.

Basis of Accounting

The Plant is a proprietary fund. Proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

Operating revenues and expenses are distinguished from nonoperating items in the financial statements. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Plant's principal ongoing operations. The principal operating revenues of the Plant are charges to customers for sales and services. Operating expenses for the Plant include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Concentrations

The Plant operates within the electric utility industry which has undergone significant restructuring and deregulation. Legislation enacted by the Commonwealth of Massachusetts in 1998 introduced competition and provided consumers with additional power supply choices while assuring continued reliable service. However, municipal electric utilities are not currently subject to this legislation.

Revenues

Revenues are based on rates established by the Plant and filed with the DPU. Revenues from sales of electricity are recorded based on monthly meter readings taken on a cycle basis. Recognition is given to the amount of sales to customers which are unbilled at the end of the year.

A key component of operating revenues is the Purchase Power & Fuel Cost Adjustment (PP&FCA). This adjustment allows the Plant to recover fluctuating power supply and fuel costs from customers by increasing or decreasing their energy charges per kilowatt hour by the amount that actual power supply and fuel costs exceed their standard base rate.

Cash and Short-Term Investments

For the purpose of the Statement of Cash Flows, the Plant considers all cash on deposit with the Town Treasurer and investments with original maturities of three months or less to be short-term investments to be cash and short-term investments.

Leases

The Plant recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the Plant initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the

lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis over its useful life. The following key assumptions are made:

- The Plant uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

Inventory

Plant inventory consists of parts and accessories purchased for use in the utility business for construction, operation, and maintenance and is stated at average cost.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and utility plant infrastructure, are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at acquisition fair market value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as they are acquired or constructed. When capital assets are retired, the cost of the retired asset, less accumulated depreciation, salvage value, and any cash proceeds, is charged to the Plant's unrestricted net position.

Massachusetts General Laws require utility plant in service to be depreciated at a minimum annual rate of 3%. To change this rate, the Plant must obtain approval from the DPU. Changes in annual depreciation rates may be made for financial factors relating to cash flow for plant expansion, rather than engineering factors relating to estimates of useful lives.

Accrued Compensated Absences

The Plant's employment benefit plan, consistent with the Town's policy, provides that employees are entitled to a minimum of ten days of vacation per year up to twenty-five days per year depending on years of service and employment classification. Employees are allowed to accumulate monthly and carry forward to the following month their unused vacation days for a year subject to a cap equal to the employees' annual rate of accrual plus five days.

Long-Term Obligations

The financial statements report long-term debt and other long-term obligations as liabilities in the Statement of Net Position.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Plant or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could vary from estimates that were used.

Rate of Return

The Plant's rates must be set such that earnings attributable to electric operations do not exceed eight percent of the net cost of plant. In 2022, the Plant's earnings did not exceed this threshold.

2. Cash and Investments***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, the Plant's deposits may not be returned. Massachusetts General Laws, Chapter 44, Section 55, limit deposits "in a bank or trust company or banking company to an amount not exceeding 60% of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town of Concord is responsible for implementing policies for deposit custodial credit risk for the Plant.

Because all of the Plant's cash is in the custody of the Town Treasurer, all bank accounts are maintained in the name of the Town. At December 31, 2022 virtually all of the Plant's bank balances were held in Massachusetts Municipal Depository Trust (MMDT), the local government money market investment pool, for which the State Treasurer is sole trustee and which is managed by federated investors under contract to the State Treasurer.

3. Accounts Receivable

Accounts Receivable consisted of the following at December 31, 2022:

Customer Accounts:		
Billed	\$ 3,294,118	
Less allowances:		
Uncollectible accounts	<u>(21,533)</u>	
Total billed		3,272,585
Unbilled, net		<u>2,095,992</u>
Total customer accounts		5,368,577
Other Accounts:		
Merchandise and jobbing	129,082	
Liens and other	<u>48,783</u>	
Total other accounts		<u>177,865</u>
Total net receivables		<u>\$ 5,546,442</u>

4. Prepaid Expenses

Prepaid expenses consist primarily of advance payments for purchased power. At December 31, 2022, the Plant reported the following prepaid expenses:

Purchased power	\$ 2,434,155
NYPA prepayment fund	85,884
Fuel inventory	130,861
Insurance and other	<u>494,926</u>
Total	<u>\$ 3,145,826</u>

5. Inventory

Inventory is comprised of supplies and materials for the year ended December 31, 2022 and is valued using the average cost method.

6. Restricted Cash

Restricted cash consisted of the following at December 31, 2022:

Customer advances for construction fund	\$	255,922
Customer deposits fund		577,963
Depreciation fund		7,488,870
Renewable energy certificate purchase fund		2,641,575
Underground fund		<u>2,583,247</u>
Total	\$	<u>13,547,577</u>

The Plant maintains the following restricted cash accounts:

- *Customer advances for construction fund* – This represents customer deposits held for special construction projects.
- *Customer deposits fund* – This represents residential and commercial customer service deposits that are held in escrow.
- *Depreciation fund* – The Plant reserves 3.0% of depreciable utility plant assets each year to fund current and future capital improvements.
- *Renewable energy certificate purchase fund* – This account was established to accumulate funds received from customers for the purpose of purchasing renewable energy certificates on the open market.
- *Underground fund* – This fund was established in 1987 for the purpose of placing existing overhead lines underground. Currently, a 1.5% charge on all electric bills is used to replenish this fund.

7. Investment in Associated Companies

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), the Plant has made advances to fund its equity requirements for the Hydro-Quebec Phase II interconnection. The Plant is carrying its investment at cost, reduced by shares repurchased. As of December 31, 2022, the market value of these investments could not be readily determined.

The Plant also purchased a five percent interest in Energy New England, LLC for \$150,000 in 2007. Energy New England, LLC is an energy and energy services cooperative established to assist publicly owned entities to ensure their continued viability in the deregulated wholesale electric utility markets and to strengthen their competitive position in the retail energy market for the benefit of the municipal entities. Energy New England,

LLC functions as an autonomous, entrepreneurial business unit that is free from many of the constraints imposed on traditional municipal utility operations. The balance, reflected at fair value, was \$743,210 as of December 31, 2021, as December 31, 2022 fair value was not readily available as of the date of these financial statements.

Investment in associated companies consisted of the following for the year ended December 31, 2022:

Hydro-Quebec (at cost)	\$ 38,846
Energy New England, LLC (December 31, 2021 fair value)	<u>743,210</u>
Total	<u>\$ 782,056</u>

8. Leases Receivable

In 2022, the Plant adopted GASB Statement No. 87, *Leases*. This statement requires the recording of a lease receivable and a deferred inflow of resources by the lessor (the Plant) even in the case of a lease which does not transfer ownership of the leased asset.

As of December 31, 2022, the Plant's receivable, and deferred inflow of resources for lease payments was \$350,125. The Plant recognized lease revenue of \$75,556 in calendar year 2022. These leases are summarized as follows:

	<u>Leases Receivable</u>	<u>Leases Revenue</u>
Fiber optic cable - Concord-Carlisle Regional School District	\$ 29,897	\$ 28,789
Fiber optic cable - Concord Academy	14,390	2,700
Fiber optic cable - DSCI Corporation	<u>305,838</u>	<u>45,067</u>
Total	<u>\$ 350,125</u>	<u>\$ 76,556</u>

Fiber optic cable – Concord-Carlisle Regional School District – On September 1, 2014, the Plant entered into a ten-year lease agreement with the Concord-Carlisle Regional School District for the lease of Plant owned fiber optic network. Based on the agreement, the Plant is receiving monthly payments through 2024. This lease agreement includes an annual rate adjustment based on the consumer price index.

Fiber optic cable – Concord Academy – On June 13, 2014, the Plant entered into a three-year lease agreement with the Concord Academy for the lease of Plant owned fiber optic network. Based on the agreement, the Plant is receiving annual payments through 2029. This lease agreement includes an extension clause for 4 three-year renewal terms, that is expected to be exercised.

Fiber optic cable – DSCI Corporation – On December 5, 2011, the Plant entered into a five-year lease agreement with DSCI Corporation for the lease of a Plant owned fiber optic network. Based on the agreement, the Plant is receiving annual payments through 2031. This lease agreement includes an extension clause for 3 five-year renewal terms, that is expected to be exercised.

9. Capital Assets

The capital asset activity for the year ended December 31, 2022 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	2022 Adjustments	Ending Balance
Capital assets, being depreciated:					
Structures and improvements	\$ 9,450	\$ 5	\$ -	\$ -	\$ 9,455
Equipment and furnishings	14,192	134	(28)	(116)	14,182
Infrastructure	43,600	683	(80)	116	44,319
Intangible	<u>2,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,086</u>
Total capital assets, being depreciated	69,328	822	(108)	-	70,042
Less accumulated depreciation for:					
Structures and improvements	(5,116)	(280)	-	-	(5,396)
Equipment and furnishings	(5,589)	(398)	25	17	(5,945)
Infrastructure	(20,895)	(1,311)	73	(17)	(22,150)
Intangible	<u>(1,066)</u>	<u>(63)</u>	<u>-</u>	<u>-</u>	<u>(1,129)</u>
Total accumulated depreciation	<u>(32,666)</u>	<u>(2,052)</u>	<u>98</u>	<u>-</u>	<u>(34,620)</u>
Total capital assets, being depreciated, net	36,662	(1,230)	(10)	-	35,422
Capital assets, not being depreciated:					
Land	1,602	-	-	-	1,602
Construction in progress	<u>821</u>	<u>791</u>	<u>(585)</u>	<u>8</u>	<u>1,035</u>
Total capital assets, not being depreciated	<u>2,423</u>	<u>791</u>	<u>(585)</u>	<u>8</u>	<u>2,637</u>
Capital assets, net	<u>\$ 39,085</u>	<u>\$ (439)</u>	<u>\$ (595)</u>	<u>\$ 8</u>	<u>\$ 38,059</u>

10. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Plant that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

11. Accounts Payable

Accounts payable represents 2022 expenses that were paid after December 31, 2022.

12. Accrued Liabilities

Accrued liabilities consisted of the following at December 31, 2022:

Accrued payroll	\$	262,436
Accrued sales tax		808
Accrued bond interest		18,906
Other		<u>110</u>
Total	\$	<u><u>282,260</u></u>

13. Customer Deposits

This balance represents deposits received from residential and commercial customers that are held in escrow. Earned interest is applied to customer accounts at year-end or when the deposit is applied to their closed accounts.

14. Unearned Revenue

Unearned revenue relates to resources which will be applied to future years' customer rates. Unearned revenue consisted of the following at December 31, 2022:

Provision for rate refund	\$	3,639,977
Provision for injuries and damages		<u>269,879</u>
Total	\$	<u><u>3,909,856</u></u>

15. Long-Term Liabilities

General Obligation Bonds

The Plant issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of the Plant. The balances of the general obligation bonds outstanding at December 31, 2022 were as follows:

<u>General Obligation Bonds</u>	<u>Serial Maturities Through</u>	<u>Coupon Interest Rate(s) %</u>	<u>Amount Outstanding as of 12/31/22</u>
W. R. Grace land acquisition	06/15/24	5.00%	\$ 67,000
Light plant expansion	06/01/27	2.07%	1,500,000
Telecom	06/15/29	5.00%	253,000
Telecom	06/30/28	5.00%	110,000
Smart grid - refunding	06/30/26	5.00%	<u>720,000</u>
Total general obligation bonds			<u>\$ 2,650,000</u>

Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2022 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 560,000	\$ 85,875	\$ 645,875
2024	565,000	63,750	628,750
2025	535,000	43,375	578,375
2026	540,000	24,563	564,563
2027	355,000	9,875	364,875
2028	55,000	3,375	58,375
2029	<u>40,000</u>	<u>1,000</u>	<u>41,000</u>
Total	<u>\$ 2,650,000</u>	<u>\$ 231,813</u>	<u>\$ 2,881,813</u>

Changes in Long-Term Liabilities

During the year ended December 31, 2022, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance <u>1/1/2022</u>	Additions	Reductions	Total Balance <u>12/31/2022</u>	Less Current Portion	Equals Long-Term Portion
Bonds payable	\$ 3,220	\$ -	\$ (570)	\$ 2,650	\$ (560)	\$ 2,090
Unamortized premium	<u>297</u>	<u>-</u>	<u>(60)</u>	<u>237</u>	<u>(60)</u>	<u>177</u>
Subtotal bonds	3,517	-	(630)	2,887	(620)	2,267
Net pension liability (asset)	1,164	-	(1,723)	(559)	-	(559)
Net OPEB liability	1,081	1,048	-	2,129	-	2,129
Compensated absences	<u>237</u>	<u>253</u>	<u>(304)</u>	<u>186</u>	<u>(9)</u>	<u>177</u>
Totals	<u>\$ 5,999</u>	<u>\$ 1,301</u>	<u>\$ (2,657)</u>	<u>\$ 4,643</u>	<u>\$ (629)</u>	<u>\$ 4,014</u>

16. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets by the Plant that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB in accordance with GASB Statements No. 69 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Deferred inflows related to leases, in accordance with GASB Statement No. 87 have been recognized in 2022 and are offset with lease receivables.

17. Concord Contributory Retirement System

The Plant follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to employees' retirement funds.

Plan Description

Substantially all employees of the Plant are members of the Town of Concord Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System's Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports which can be obtained through the Town of Concord Contributory Retirement System at Town House, Concord, Massachusetts.

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering the System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Plant employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of

the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or “pops up” to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable “pops up” to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Plant’s contributions to the System for the year ended December 31, 2022 were \$666,537, which were equal to its actuarially determined contributions.

Summary of Significant Accounting Policies

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

Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the Plant reported an asset of \$558,803 related to its proportionate share of the net pension liability. For the current year, the net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. The Plant’s proportion of the net pension liability was based on a projection of the Plant’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2021, the Plant’s proportion was 10.35% an increase of 0.25% from the prior year.

For the year ended December 31, 2022, the Plant recognized pension expense of \$76,702. In addition, the Plant reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 226,207	\$ 550,824
Net difference between projected and actual earnings on pension plan investments	-	2,194,103
Changes of assumptions	582,711	8,371
Changes in proportion and differences between employer contributions and proportionate share of contributions	435,267	405,125
Contributions subsequent to the measurement date	<u>753,957</u>	<u>-</u>
Total	<u>\$ 1,998,142</u>	<u>\$ 3,158,423</u>

The amount reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as an increase or (decrease) in pension expense as follows:

<u>Year ended December 31:</u>	
2023	\$ (189,953)
2024	(757,396)
2025	(654,385)
2026	(349,491)
2027	<u>36,987</u>
Total	<u>\$ (1,914,238)</u>

Actuarial Assumptions

The total pension liability in the latest actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2021
Inflation	2.60%
Actuarial cost method	Entry age normal
Salary increases	2.50% for 10 years
Investment rate of return	6.50% (previously 6.75%)
Post-retirement cost-of-living adjustment	3.00% of first \$14,000

Mortality rates were based on the following:

- Pre-retirement and beneficiary mortality: RP-2014 Healthy Employee table adjusted to 2006 and projected generationally using scale MP-2020, gender distinct.
- Mortality for retired members: RP-2014 Healthy Annuitant table adjusted to 2006 and projected generationally using scale MP-2020, gender distinct.
- Mortality for disabled members: RP-2014 Healthy Annuitant table adjusted to 2006 and projected generationally using scale MP-2020, gender distinct, ages set forward 2 years. For members retired under Accidental Disability, 40% of deaths are assumed to be from the same cause as the disability.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of the most recent actuarial experience study.

Target Allocations

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity:	33-43%	
U.S. equity		3.61%
International equity		3.70%
Emerging equity		5.95%
Hedged equity		3.02%
Core fixed income:	12-18%	
Core bonds		0.49%
Short term fixed income		-0.49%
Treasury STRIPS		-0.49%
TIPS/ILBs		-0.29%
Value-added fixed income	5-11%	3.70%
Private equity	12-18%	7.31%
Real estate	7-13%	3.31%
Timberland	1-7%	3.90%
Portfolio Completion (PCS)	<u>7-13%</u>	2.73%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Plant's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the Plant's proportionate share of the net pension liability would be if it were calculated using a discount rate that

is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current rate:

<u>Year Ended</u>	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
December 31, 2022	\$ 2,125,579	\$ (558,803)	\$(2,823,056)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the System’s separately issued financial report.

18. Other Post-Employment Benefits

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The Plant pools contributions to an OPEB trust fund with the Town. See additional disclosures for the plan fiduciary net position in the Town’s June 30, 2022 Annual Comprehensive Financial Report dated April 26, 2023.

All the following OPEB disclosures are based on a measurement date of June 30, 2022.

General Information about the OPEB Plan

Plan Description

The Plant provides post-employment healthcare benefits for retired employees through the Plant’s plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws. The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

The Plant provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Plant and meet the eligibility criteria will receive these benefits.

Funding Policy

The Plant's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute.

Plan Membership

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	29
Active employees	<u>42</u>
Total	<u>71</u>

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	4.00% ultimate rate, reduced to 3.50% while receiving the following step: 4.30% for seven years
Investment rate of return	6.75% per year net of investment expenses
Discount rate	6.75%
Healthcare cost trend rates	8.00% to 9.00% for 2022, fluctuating 0.50% annually, to an ultimate rate of 5.00%
Retirees' share of benefit-related costs	Range of 37.00% to 50.00% 65% of eligible employees. Medicare-eligible retirees as assumed to elect a Medicare plan option at age 65
Participation rate	

Mortality rates were based on the following:

- Actives: The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Employees projected using generational mortality and scale MP-2020.
- Retirees: The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Healthy Retirees projected using generational mortality and scale MP-2020.
- Disabled: The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Healthy Retirees projected using generational mortality and scale MP-2020. Set forward 2 years.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study.

Target Allocations

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. large cap	57.50%	4.00%
U.S. aggregate bonds	13.70%	1.00%
International equity	13.00%	4.50%
Emerging market equity	6.60%	5.30%
U.S. mid cap	4.20%	4.40%
U.S. high yield bonds	2.80%	2.50%
U.S. small cap	2.20%	4.40%
Total	<u>100.00%</u>	

Contributions

In addition to the implicit subsidy contribution, the Plant's policy is to contribute the actuarially determined contribution.

Discount Rate

The discount rate used to measure the net OPEB liability was 6.75% for the year ended June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2022 were as follows:

Total OPEB liability	\$	3,852,304
Plan fiduciary net position		<u>(1,723,103)</u>
Net OPEB liability	\$	<u>2,129,201</u>
Plan fiduciary net position as a percentage of the total OPEB liability		44.73%

The fiduciary net position has been determined on the same basis used by the OPEB Plan. For this purpose, the Plan recognizes benefit payments when due and payable.

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the year ending December 31, 2022:

	Increase (Decrease)		
	Total OPEB Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balance, beginning of year	\$ 3,029,506	\$ 1,948,992	\$ 1,080,514
Changes for the year:			
Service cost	139,786	-	139,786
Interest	873,014	-	873,014
Contributions - employer	-	323,430	(323,430)
Net investment income	-	(359,317)	359,317
Benefit payments	<u>(190,002)</u>	<u>(190,002)</u>	<u>-</u>
Net Changes	<u>822,798</u>	<u>(225,889)</u>	<u>1,048,687</u>
Balance, end of year	<u>\$ 3,852,304</u>	<u>\$ 1,723,103</u>	<u>\$ 2,129,201</u>

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Years Ended	1% Decrease	Current Discount Rate	1% Increase
December 31, 2023	\$ 2,721,914	\$ 2,129,201	\$ 1,641,071

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

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

<u>Years Ended</u>	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
December 31, 2023	\$ 1,549,766	\$ 2,129,201	\$ 2,849,342

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

For the year ended December 31, 2022, the Plant recognized an OPEB expense of \$138,672. At December 31, 2022, the Plant reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 66,504	\$ -
Change in assumptions	97,501	234,955
Difference between expected and actual experience	29,502	707,606
Changes in proportion and differences between contributions and proportionate share of contributions	585,068	207,368
Net difference between projected and actual OPEB investment earnings	<u>156,942</u>	<u>-</u>
Total	<u>\$ 935,517</u>	<u>\$ 1,149,929</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as an increase or (decrease) in OPEB expense as follows:

<u>Year Ended December 31:</u>	
2023	\$ (96,731)
2024	(100,113)
2025	(129,392)
2026	6,001
2027	(3,124)
Thereafter	<u>42,443</u>
Total	\$ <u>(280,916)</u>

19. Participation in Massachusetts Municipal Wholesale Electric Company

The Town of Concord, acting through the Plant, is a participant in the New York Power Administration Niagara Project (NYPA) which is administered through the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance electric facilities.

The power purchase agreement with MMWEC for NYPA requires that each project participant pay its pro rata share of MMWEC’s costs related to the Project in addition to its share of capacity, energy, transmission, and working capital funding.

The Plant is a 2.120% entitlement holder in the Massachusetts allocation of the NYPA firm and peaking energy. The contracts are for the life of the units and the 2022 average energy price under the NYPA contract was \$0.00492/kWh.

20. Return on Investment to Town of Concord

The return on investment to the Town of Concord also referred to as “payment in lieu of taxes” (PILOT) is used with reference to the interfund transfer within the municipal corporate entity because it is the language used in the statute authorizing the

establishment and operation of municipal light plants (MGL Ch. 164). The Plant's PILOT is a transfer from the Plant to the Town's General Fund.

The particular method in arriving at an appropriate amount of this transfer is not prescribed by statute, but rather the Town's specific amount has been derived from a formula worked out jointly by the Finance Department and the Plant and approved by the Town Manager. The formula is based upon the last full years kWh sales multiplied by \$0.00275.

21. Commitments and Contingencies

Outstanding Legal Issues

On an ongoing basis, there are typically pending legal issues in which the Plant is involved. The Plant's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

22. Renewable Energy Certificates

In 2003, the Massachusetts Department of Energy and Environmental Affairs adopted the Massachusetts Renewable Energy Portfolio Standard (RPS), a regulation that requires Investor Owned Utilities (IOUs) to purchase mandated amounts of energy generated by renewable resources (Green Energy) as a percentage of their overall electricity sales. The Massachusetts RPS applies only to IOUs, so the Plant is currently exempt from this mandate.

Energy suppliers meet their annual RPS obligations by acquiring a sufficient quantity of RPS-qualified renewable energy certificates (RECs) that are created and recorded at the New England Power Pool (NEPOOL) Generation Information System (GIS). Suppliers can purchase RECs from electricity generators or from other utilities that have acquired RECs.

The Plant currently has a 15-year contract for the purchase of wind power from Spruce Mountain in Maine. As part of the contract they are given RECs and they are subsequently sold to offset the power costs.

Information regarding the Plant's calendar year ending December 31, 2022 REC holdings is as follows:

		Banked <u>Certificates</u>	Estimated <u>Value</u>
12/31/2022	MA Class I	91,231	\$ 3,390,644

A banked REC is a REC that has been processed by the NEPOOL GIS Coordinator and is in the Plant's GIS account.

Because there is no formal accounting guidance under GAAP for RECs and the Plant does not have a formal policy for the future disposition of RECs, the estimated fair value of the Plant's REC holdings at December 31, 2022 is not recognized as an asset in the financial statements.

23. Change in Accounting Principle

During 2022, the Plant adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement enhances the relevance and consistency of information of the Plant's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. See Note 8 for further details.

24. Subsequent Events

Management has evaluated subsequent events through June 26, 2023, which is the date the financial statements were available to be issued.

25. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (P3s and APAs), and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), effective for the Plant beginning in 2023. These statements establish new reporting and disclosure requirements for P3s, APAs, and SBITAs. Management is currently evaluating the impact of implementing these GASB pronouncements.

**TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT PLANT**

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

December 31, 2022
(Unaudited)

Concord Contributory Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
December 31, 2022	December 31, 2021	10.35%	(\$558,803)	\$4,104,812	-13.61%	102.36%
December 31, 2021	December 31, 2020	10.10%	\$1,164,249	\$3,769,869	30.88%	94.59%
December 31, 2020	December 31, 2019	12.72%	\$3,097,827	\$4,468,346	69.33%	88.35%
December 31, 2019	December 31, 2018	10.10%	\$3,687,216	\$3,424,758	107.66%	81.34%
December 31, 2018	December 31, 2017	6.34%	\$1,097,567	\$2,109,619	52.03%	90.58%
December 31, 2017	December 31, 2016	8.20%	\$2,643,809	\$2,583,283	102.34%	81.85%
December 31, 2016	December 31, 2015	9.04%	\$2,487,542	\$2,647,220	93.97%	80.73%
December 31, 2015	December 31, 2014	10.57%	\$1,639,399	\$2,783,014	58.91%	88.04%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Plants' financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

**TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT PLANT**

Required Supplementary Information
Schedule of Pension Contributions

December 31, 2022
(Unaudited)

Concord Contributory Retirement System

Fiscal <u>Year</u>	Measurement <u>Date</u>	Contributions in Relation to the			Contribution Deficiency <u>(Excess)</u>	Covered Payroll	Contributions as a Percentage of <u>Covered Payroll</u>
		Actuarially Determined <u>Contribution</u>	Actuarially Determined <u>Contribution</u>	Contribution			
December 31, 2022	December 31, 2021	\$ 666,537	\$ 666,537	\$ -	\$ 4,104,812	16.24%	
December 31, 2021	December 31, 2020	\$ 650,908	\$ 650,908	\$ -	\$ 3,769,869	17.27%	
December 31, 2020	December 31, 2019	\$ 752,565	\$ 752,565	\$ -	\$ 4,468,346	16.84%	
December 31, 2019	December 31, 2018	\$ 572,244	\$ 572,244	\$ -	\$ 3,424,758	16.71%	
December 31, 2018	December 31, 2017	\$ 347,354	\$ 347,354	\$ -	\$ 2,109,619	16.47%	
December 31, 2017	December 31, 2016	\$ 423,095	\$ 423,095	\$ -	\$ 2,583,283	16.38%	
December 31, 2016	December 31, 2015	\$ 423,095	\$ 423,095	\$ -	\$ 2,647,220	15.98%	
December 31, 2015	December 31, 2014	\$ 403,515	\$ 403,515	\$ -	\$ 2,783,014	14.50%	

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See notes to the Plants' financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

**TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT PLANT**

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 139,786	\$ 104,047	\$ 81,473	\$ 89,258	\$ 89,218
Interest	873,014	233,339	223,249	200,587	242,729
Changes of benefit terms	-	14,751	-	1,321	-
Differences between expected and actual experience	-	(541,134)	(387,025)	63,915	96,636
Changes of assumptions	-	(222,077)	119,168	-	164,896
Benefit payments, including refunds of member contributions	<u>(190,002)</u>	<u>(144,276)</u>	<u>(122,900)</u>	<u>(146,101)</u>	<u>(129,591)</u>
Net change in total OPEB liability	822,798	(555,350)	(86,035)	208,980	463,888
Total OPEB liability - beginning	<u>3,029,506</u>	<u>3,584,856</u>	<u>3,670,891</u>	<u>3,461,911</u>	<u>2,998,023</u>
Total OPEB liability - ending (a)	3,852,304	3,029,506	3,584,856	3,670,891	3,461,911
Plan Fiduciary Net Position					
Contributions - employer	323,430	240,206	223,526	244,891	262,417
Net investment income	(359,317)	434,188	32,947	70,007	71,621
Benefit payments, including refunds of member contributions	<u>(190,002)</u>	<u>(144,276)</u>	<u>(122,900)</u>	<u>(146,101)</u>	<u>(129,591)</u>
Net change in plan fiduciary net position	(225,889)	530,118	133,573	168,797	204,447
Plan fiduciary net position - beginning	<u>1,948,992</u>	<u>1,418,874</u>	<u>1,285,301</u>	<u>1,116,504</u>	<u>912,057</u>
Plan fiduciary net position - ending (b)	<u>1,723,103</u>	<u>1,948,992</u>	<u>1,418,874</u>	<u>1,285,301</u>	<u>1,116,504</u>
Net OPEB liability - ending (a-b)	<u>\$ 2,129,201</u>	<u>\$ 1,080,514</u>	<u>\$ 2,165,982</u>	<u>\$ 2,385,590</u>	<u>\$ 2,345,407</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Plants' financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

**TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT PLANT**

Required Supplementary Information
Schedules of Net OPEB Liability, Contributions, and Investment Returns

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Net OPEB Liability					
Total OPEB liability	\$ 3,852,304	\$ 3,029,506	\$ 3,584,856	\$ 3,670,891	\$ 3,461,911
Plan fiduciary net position	<u>1,723,103</u>	<u>1,948,992</u>	<u>1,418,874</u>	<u>1,285,301</u>	<u>1,116,504</u>
Net OPEB liability	<u>\$ 2,129,201</u>	<u>\$ 1,080,514</u>	<u>\$ 2,165,982</u>	<u>\$ 2,385,590</u>	<u>\$ 2,345,407</u>
Plan fiduciary net position as a percentage of the total OPEB liability	44.73%	64.33%	39.58%	35.01%	32.25%
Covered employee payroll	\$ 5,974,795	\$ 3,252,501	\$ 3,149,976	\$ 3,422,839	Unavailable
Participating employer net OPEB liability as a percentage of covered employee payroll	35.64%	33.22%	68.76%	69.70%	Unavailable
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Contributions					
Actuarially determined contribution	\$ 323,430	\$ 240,206	\$ 223,526	\$ 244,891	\$ 261,460
Contributions in relation to the actuarially determined contribution	<u>323,430</u>	<u>240,206</u>	<u>223,526</u>	<u>244,891</u>	<u>262,417</u>
Contribution (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (957)</u>
Covered employee payroll	\$ 5,974,795	\$ 3,252,501	\$ 3,149,976	\$ 3,422,839	Unavailable
Contributions as a percentage of covered employee payroll	5.41%	7.39%	7.10%	7.15%	Unavailable
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Investment Returns					
Annual money weighted rate of return, net of investment expense	-12.64%	32.65%	2.91%	6.16%	7.24%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Plants' financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT PLANT**

Combining Statement of Net Position
December 31, 2022

	Light Fund	Broadband Fund	Eliminations	Total
Assets				
Current:				
Unrestricted cash and short-term investments	\$ 1,645,673	\$ 263,755	\$ -	\$ 1,909,428
Accounts receivable, net of allowance for uncollectible	5,424,872	121,570	-	5,546,442
Prepaid expenses	3,085,113	60,713	-	3,145,826
Inventory	1,121,388	170,207	-	1,291,595
Leases receivable	28,789	47,767	-	76,556
Other current assets	<u>60,170</u>	<u>2,683</u>	-	<u>62,853</u>
Total current assets	11,366,005	666,695	-	12,032,700
Noncurrent:				
Restricted cash	13,542,190	5,387	-	13,547,577
Investment in associated companies	782,056	-	-	782,056
Due from Broadband	1,825,000	-	(1,825,000)	-
Leases receivable, net of current portion	1,108	272,461	-	273,569
Net pension asset	480,850	77,953	-	558,803
Capital assets:				
Land and construction in progress	2,608,878	28,402	-	2,637,280
Other capital assets, net of accumulated depreciation	<u>32,915,697</u>	<u>2,507,178</u>	-	<u>35,422,875</u>
Total noncurrent assets	<u>52,155,779</u>	<u>2,891,381</u>	<u>(1,825,000)</u>	<u>53,222,160</u>
Total Assets	63,521,784	3,558,076	(1,825,000)	65,254,860
Deferred Outflows of Resources				
Related to pension	1,719,401	278,741	-	1,998,142
Related to OPEB	<u>763,704</u>	<u>171,813</u>	-	<u>935,517</u>
Total Deferred Outflows of Resources	2,483,105	450,554	-	2,933,659
Liabilities				
Current:				
Accounts payable	5,909,339	75,715	-	5,985,054
Accrued liabilities	249,126	33,134	-	282,260
Customer deposits	585,035	-	-	585,035
Customer advances for construction	250,535	5,387	-	255,922
Unearned revenue	3,880,316	29,540	-	3,909,856
Current portion of long-term liabilities:				
Bonds payable	561,026	59,015	-	620,041
Compensated absences	<u>8,550</u>	<u>748</u>	-	<u>9,298</u>
Total current liabilities	11,443,927	203,539	-	11,647,466
Noncurrent:				
Due to Light	-	1,825,000	(1,825,000)	-
Bonds payable, net of current portion	1,907,673	358,828	-	2,266,501
Net OPEB liability	1,939,470	189,731	-	2,129,201
Compensated absences, net of current portion	<u>162,441</u>	<u>14,214</u>	-	<u>176,655</u>
Total noncurrent liabilities	<u>4,009,584</u>	<u>2,387,773</u>	<u>(1,825,000)</u>	<u>4,572,357</u>
Total Liabilities	15,453,511	2,591,312	(1,825,000)	16,219,823
Deferred Inflows of Resources				
Related to pension	2,717,823	440,600	-	3,158,423
Related to OPEB	1,065,938	83,991	-	1,149,929
Related to leases	<u>29,897</u>	<u>320,228</u>	-	<u>350,125</u>
Total Deferred Inflows of Resources	3,813,658	844,819	-	4,658,477
Net Position				
Net investment in capital assets	33,055,875	2,117,736	-	35,173,611
Restricted for depreciation fund	7,488,870	-	-	7,488,870
Unrestricted	<u>6,192,975</u>	<u>(1,545,237)</u>	-	<u>4,647,738</u>
Total Net Position	\$ <u>46,737,720</u>	\$ <u>572,499</u>	\$ -	\$ <u>47,310,219</u>

See Independent Auditor's Report.

**TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT PLANT**

Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2022

	Light <u>Fund</u>	Broadband <u>Fund</u>	<u>Total</u>
Operating Revenues			
Electric sales	\$ 32,309,501	\$ -	\$ 32,309,501
Internet sales	-	1,437,923	1,437,923
Rate refund	(1,748,735)	-	(1,748,735)
Underground surcharge	528,024	-	528,024
Renewable energy certificate revenue	3,373,115	-	3,373,115
Other operating revenue	<u>99,881</u>	<u>26,495</u>	<u>126,376</u>
Total Operating Revenues	34,561,786	1,464,418	36,026,204
Operating Expenses			
Purchase power	24,607,545	215,362	24,822,907
Salaries and benefits	2,918,271	611,322	3,529,593
Other operating expenses	1,263,117	182,749	1,445,866
Depreciation	1,966,674	84,720	2,051,394
Customer accounts	1,477,952	28,208	1,506,160
Distribution	1,030,185	156,962	1,187,147
Transmission	<u>83,854</u>	<u>-</u>	<u>83,854</u>
Total Operating Expenses	<u>33,347,598</u>	<u>1,279,323</u>	<u>34,626,921</u>
Operating Income	1,214,188	185,095	1,399,283
Nonoperating Revenues (Expenses)			
Interest income	187,469	-	187,469
Interest expense	(95,102)	(18,863)	(113,965)
Loss on disposal of capital assets	(58,960)	(240)	(59,200)
Other expenses	(43,028)	(28,100)	(71,128)
Other revenues	<u>319,728</u>	<u>111,231</u>	<u>430,959</u>
Total Nonoperating Revenues (Expenses), Net	<u>310,107</u>	<u>64,028</u>	<u>374,135</u>
Income Before Transfers	1,524,295	249,123	1,773,418
Return on investment - transfer to Town of Concord	<u>(296,000)</u>	<u>-</u>	<u>(296,000)</u>
Change in Net Position	1,228,295	249,123	1,477,418
Net Position - Beginning of Year	<u>45,509,425</u>	<u>323,376</u>	<u>45,832,801</u>
Net Position at End of Year	<u>\$ 46,737,720</u>	<u>\$ 572,499</u>	<u>\$ 47,310,219</u>

See Independent Auditor's Report.

**TOWN OF CONCORD, MASSACHUSETTS
MUNICIPAL LIGHT PLANT**

Combining Statement of Cash Flows
For the Year Ended December 31, 2022

	Light Fund	Broadband Fund	Eliminations	Total
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 34,566,312	\$ 1,452,517	\$ -	\$ 36,018,829
Payments to vendors and employees	<u>(32,213,084)</u>	<u>(1,223,291)</u>	<u>-</u>	<u>(33,436,375)</u>
Net Cash Provided By Operating Activities	2,353,228	229,226	-	2,582,454
Cash Flows From Noncapital Financing Activities				
Return on investment to Town of Concord	(296,000)	-	-	(296,000)
Due to/from light	-	-	-	-
Other expenses	(43,028)	(28,100)	-	(71,128)
Other revenues	<u>223,788</u>	<u>102,217</u>	<u>-</u>	<u>326,005</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	(115,240)	74,117	-	(41,123)
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	(919,986)	(165,014)	-	(1,085,000)
Principal payments on bonds	(519,000)	(51,000)	-	(570,000)
Proceeds from loans	75,000	-	(75,000)	-
Principal payments on loans	-	(75,000)	75,000	-
Interest expense	<u>(95,102)</u>	<u>(18,863)</u>	<u>-</u>	<u>(113,965)</u>
Net Cash (Used For) Capital and Related Financing Activities	(1,459,088)	(309,877)	-	(1,768,965)
Cash Flows From Investing Activities				
Investment income	<u>187,469</u>	<u>-</u>	<u>-</u>	<u>187,469</u>
Net Cash Provided By Investing Activities	<u>187,469</u>	<u>-</u>	<u>-</u>	<u>187,469</u>
Net Change in Cash and Short-Term Investments	966,369	(6,534)	-	959,835
Cash and Short Term Investments, Beginning of Year	<u>14,221,494</u>	<u>275,676</u>	<u>-</u>	<u>14,497,170</u>
Cash and Short Term Investments, End of Year	<u>\$ 15,187,863</u>	<u>\$ 269,142</u>	<u>\$ -</u>	<u>\$ 15,457,005</u>
Reconciliation of Operating Income to Net Cash provided by Operating Activities				
Operating income	\$ 1,214,188	\$ 185,095	\$ -	\$ 1,399,283
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,966,674	84,720	-	2,051,394
Changes in assets, liabilities, and deferred outflows/inflows:				
Accounts receivable	(1,733,813)	(16,129)	-	(1,749,942)
Prepaid expenses	(1,164,032)	(49,185)	-	(1,213,217)
Inventory	(14,736)	(18,549)	-	(33,285)
Other assets	-	1,016	-	1,016
Net pension asset and related deferrals	(582,799)	(94,454)	-	(677,253)
Accounts payable	447,970	43,413	-	491,383
Accrued liabilities	37,452	(11,673)	-	25,779
Customer advances for construction	180,237	3,526	-	183,763
Unearned revenue	1,759,684	4,228	-	1,763,912
Net OPEB liability and related deferrals	292,873	118,680	-	411,553
Other liabilities	<u>(50,470)</u>	<u>(21,462)</u>	<u>-</u>	<u>(71,932)</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 2,353,228</u>	<u>\$ 229,226</u>	<u>\$ -</u>	<u>\$ 2,582,454</u>

See Independent Auditor's Report.