

CONCORD MUNICIPAL LIGHT PLANT

**ANNUAL FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2024



**CONCORD MUNICIPAL
LIGHT PLANT**

ELECTRIC | BROADBAND | ENERGY MANAGEMENT

CONCORD MUNICIPAL LIGHT PLANT

CONTENTS

FINANCIAL SECTION

Independent Auditors' Report 1-3

Management's Discussion and Analysis..... 4-7

Basic Financial Statements

Proprietary Fund

Statement of Net Position 8-9

Statement of Revenues, Expenses, and Changes in Net Position10

Statement of Cash Flows 11-12

Notes to Financial Statements..... 13-41

REQUIRED SUPPLEMENTARY INFORMATION

Pension

Schedule of Proportionate Share of the Net Pension Liability42

Schedule of Pension Contributions43

OPEB

Schedules of Changes in the Net OPEB Liability44

Schedules of Net OPEB Liability, Contributions, and Investment Returns45

SUPPLEMENTARY STATEMENTS

Combining Statement of Net Position 46-47

Combining Statement of Revenues, Expenses, and Changes in Net Position48

Combining Statement of Cash Flows 49-50

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.....51-54



CBIZ CPAs P.C.

9 Executive Park Drive
Suite 100
Merrimack, NH 03054

P: 603.882.1111

Independent Auditors' Report

**To the Municipal Lighting Board
Concord Municipal Light Plant**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Concord Municipal Light Plant (the "Plant"), a component unit of the Town of Concord, Massachusetts, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Plant's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Plant, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' 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 opinions.

Responsibilities of Management for the Financial Statements

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.

Auditors' 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 auditors' report that includes our opinions. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

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 is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plant's basic financial statements. The accompanying supplementary information on pages 45 through 49 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matter

Report on Summarized Comparative Information

The financial statements of the Concord Municipal Light Plant as of and for the year ended December 31, 2023, were audited by Marcum LLP, whose report dated October 21, 2024, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

These financial statements are intended to present only the financial position, changes in financial position, and cash flows of the Concord Municipal Light Plant, a component unit of the Town of Concord, Massachusetts. They do not purport to, and do not, present the financial position or changes in financial position of the Town of Concord, Massachusetts, as a whole in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2026 on our consideration of the Plant's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plant's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plant's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, NH
February 19, 2026

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

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, 2024. 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, 2024, it shows our net position as \$53,839,109, which comprises \$37,095,236 invested in capital assets net of related long-term debt, \$9,031,746 restricted for the depreciation fund, and \$7,712,127 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, 2024 was \$3,153,144. The increase in net position was higher than forecasted due to higher operating income from higher electric and internet sales.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

The Statement of Cash Flows provides information about cash receipts, cash payments, investing, and financing activities during the accounting period. A review of our 2024 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

	2024	2023
Assets		
Current and other assets	\$ 35,366,154	\$ 29,024,613
Capital assets, net	38,738,247	38,828,562
Total Assets	74,104,401	67,853,175
Deferred Outflows of Resources	2,987,086	4,147,902
Liabilities		
Long-term liabilities	5,427,553	7,120,569
Other liabilities	15,282,924	11,399,569
Total Liabilities	20,710,477	18,520,138
Deferred Inflows of Resources	2,541,901	2,794,174
Net Position		
Net investment in capital assets	37,095,236	36,562,061
Restricted for depreciation fund	9,031,746	7,000,140
Unrestricted	7,712,127	7,124,564
Total Net Position	\$ 53,839,109	\$ 50,686,765

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

Summary of Changes in Net Position

	2024	2023
Operating Revenues	\$ 36,097,876	\$ 35,296,544
Operating Expenses	(33,550,736)	(32,566,130)
Operating Income	2,547,140	2,730,414
Nonoperating Revenues (Expenses), Net	1,066,954	1,023,632
Income Before Contributions and Other Items	3,614,094	3,754,046
Return on Investment transfer to Town of Concord	(461,750)	(377,500)
Change in Net Position	3,152,344	3,376,546
Net Position, Beginning	50,686,765	47,310,219
Net Position, Ending	\$ 53,839,109	\$ 50,686,765

Operating revenues for 2024 increased by \$801,332 or 2% from 2023. Total operating expenses for 2024 increased by \$983,806 or 3% from 2023. The increase in operating expenses was primarily the result of both supply and price volatility within global energy markets. The increase in operating expenses was primarily driven by higher purchase power costs, reflecting continued upward trends in energy prices and increased consumption. Additionally, depreciation expense increased as a result of ongoing investment in infrastructure and equipment.

Capital Assets and Debt Administration

Capital Assets

The Plant's total investment in capital assets at year-end was \$38,738,247, net of accumulated depreciation, a decrease of \$90,315 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, 2024, total bonded debt was \$1,525,000 (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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

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, 2024, the Plant had 1,785 commercial and residential broadband customers connected, an increase of 62 customers over the previous year. As of December 31, 2024, annualized operating revenue from Broadband was \$1,694,120.

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
CONCORD MUNICIPAL LIGHT PLANT**

STATEMENT OF NET POSITION

DECEMBER 31, 2024

(with summarized comparative information as of December 31, 2023)

	2024	2023
Assets		
Current Assets		
Unrestricted cash and short-term investments	\$ 2,707,946	\$ 1,522,725
Accounts receivable, net of allowance for uncollectible	5,486,637	5,281,494
Prepaid expenses	4,286,513	4,297,012
Inventory	1,339,044	1,305,274
Due from other entities	150,193	--
Leases receivable	98,425	65,322
Other current assets	7,819	24,622
Total Current Assets	14,076,577	12,496,449
Noncurrent Assets		
Restricted cash	20,045,070	15,492,921
Investment in associated companies	791,345	782,056
Leases receivable, net of current portion	453,162	253,187
Capital assets:		
Land and construction in progress	3,806,831	2,354,570
Other capital assets, net of accumulated depreciation	34,931,416	36,473,992
Total Noncurrent Assets	60,027,824	55,356,726
Total Assets	74,104,401	67,853,175
Deferred Outflows of Resources		
Related to pension	2,255,843	3,458,557
Related to OPEB	731,243	689,345
Total Deferred Outflows of Resources	2,987,086	4,147,902

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

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

STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2024

(with summarized comparative information as of December 31, 2023)

	2024	2023
Liabilities		
Current Liabilities		
Accounts payable	7,859,683	5,559,650
Accrued liabilities	467,028	333,733
Customer deposits	764,017	710,707
Customer advances for construction	515,174	378,493
Unearned revenue	5,551,642	4,416,986
Due to other entities	125,380	--
Current portion of long-term liabilities:		
Bonds payable	591,941	623,491
Compensated absences	11,890	10,034
Total Current Liabilities	15,886,755	12,033,094
Noncurrent Liabilities		
Bonds payable, net of current portion	1,051,070	1,643,011
Net pension liability	2,409,270	3,535,807
Net OPEB liability	1,137,481	1,117,578
Compensated absences, net of current portion	225,901	190,648
Total Noncurrent Liabilities	4,823,722	6,487,044
Total Liabilities	20,710,477	18,520,138
Deferred Inflows of Resources		
Related to pension	614,152	866,369
Related to OPEB	1,376,162	1,609,296
Related to leases	551,587	318,509
Total Deferred Inflows of Resources	2,541,901	2,794,174
Net Position		
Net investment in capital assets	37,095,236	36,562,061
Restricted for depreciation fund	9,031,746	7,000,140
Unrestricted	7,712,127	7,124,564
Total Net Position	\$ 53,839,109	\$ 50,686,765

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

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2024

(with summarized comparative information as of December 31, 2023)

	2024	2023
Operating Revenues		
Electric sales	\$ 32,811,457	\$ 30,579,633
Internet sales	1,409,124	1,311,012
Rate refund	(1,103,457)	(496,211)
Underground surcharge	514,171	507,667
Renewable energy certificate revenue	2,332,656	3,274,006
Other operating revenue	133,925	120,437
Total Operating Revenues	36,097,876	35,296,544
Operating Expenses		
Purchase power	22,537,880	21,693,112
Salaries and benefits	3,764,753	3,946,813
Other operating expenses	2,050,444	1,412,783
Depreciation	2,165,757	2,069,428
Customer accounts	1,584,080	1,756,645
Distribution	1,343,970	1,588,129
Transmission	103,852	99,220
Total Operating Expenses	33,550,736	32,566,130
Operating Income	2,547,140	2,730,414
Nonoperating Revenues (Expenses)		
Interest income	975,994	727,342
Interest expense	(86,363)	(95,979)
Loss on disposal of capital assets	(27,883)	(42,494)
Other expenses	(61,977)	(59,115)
Other revenues	267,183	493,878
Total Nonoperating Revenues (Expenses), net	1,066,954	1,023,632
Income Before Transfers	3,614,094	3,754,046
Return on investment transfer to Town of Concord	(461,750)	(377,500)
Change in Net Position	3,152,344	3,376,546
Net Position at Beginning of Year	50,686,765	47,310,219
Net Position at End of Year	\$ 53,839,109	\$ 50,686,765

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

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

(with summarized comparative information as of December 31, 2023)

	2024	2023
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 37,080,699	\$ 36,194,294
Payments to vendors and employees	<u>(29,240,311)</u>	<u>(31,888,308)</u>
Net Cash Provided by Operating Activities	7,840,388	4,305,986
Cash Flows from Noncapital Financing Activities		
Return on investment to Town of Concord	(461,750)	(377,500)
Other expenses	(61,977)	(59,116)
Other revenues	<u>207,142</u>	<u>498,236</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	(316,585)	61,620
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(2,075,678)	(2,880,328)
Principal payments on bonds	(565,000)	(560,000)
Interest expense	<u>(112,460)</u>	<u>(95,979)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(2,753,138)</u>	<u>(3,536,307)</u>
Cash Flows from Investing Activities		
Investment income	<u>966,705</u>	<u>727,342</u>
Net Cash Provided by Investing Activities	<u>966,705</u>	<u>727,342</u>
Net Change in Cash and Short-Term Investments	<u>5,737,370</u>	<u>1,558,641</u>
Cash and Short Term Investments, Beginning of Year	<u>17,015,646</u>	<u>15,457,005</u>
Cash and Short Term Investments, End of Year	<u><u>\$ 22,753,016</u></u>	<u><u>\$ 17,015,646</u></u>
Cash and short term investments consists of:		
Unrestricted cash and short term investments	\$ 2,707,946	\$ 1,522,725
Restricted cash	<u>20,045,070</u>	<u>15,492,921</u>
Totals	<u><u>\$ 22,753,016</u></u>	<u><u>\$ 17,015,646</u></u>

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

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

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2024

(with summarized comparative information as of December 31, 2023)

**Reconciliation of Operating Income to Net Cash
provided by Operating Activities**

Operating income	2,547,140	2,730,414
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation/Amortization	2,165,757	2,069,428
Changes in assets, liabilities, and deferred outflows/inflows:		
Accounts receivable	(205,143)	264,948
Prepaid expenses	10,499	(980,858)
Inventory	(33,770)	(13,679)
Other assets	12,666	(1,546)
Due from other entities	(149,200)	--
Accounts payable	2,300,033	(595,732)
Accrued liabilities	121,353	26,853
Due to other entities	140,467	--
Customer advances for construction	136,680	122,570
Unearned revenue	1,134,656	507,129
Net pension liability and related deferrals	(176,040)	342,141
Net OPEB liability and related deferrals	(255,129)	(306,084)
Other liabilities	90,419	140,402
Net Cash Provided by Operating Activities	\$ 7,840,388	\$ 4,305,986

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Plant is a municipal light plant established and operated pursuant to Massachusetts General Laws Chapter 164, paragraph 34. The Plant operates as a separate enterprise, independent of general Town government, and is governed by an elected Board of Commissioners, which appoints the General Manager responsible for the operation and maintenance of the Plant. The Plant's legal autonomy is pursuant to the provisions of Massachusetts General Laws (MGL) chapter 164 paragraph 56. The Plant's cash and investments are held by the Treasurer of the Town of Concord, Massachusetts ("the Town"). For financial reporting purposes, the Plant is considered a legally separate component unit of the Town of Concord, Massachusetts.

BUSINESS ACTIVITY

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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

- 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. Pursuant to GASB Statement No. 101, compensated absences are recognized as a liability when the leave is earned and attributable to services already rendered, and payment for such leave is probable.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2024, the Plant's earnings did not exceed this threshold.

NOTE 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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

CUSTODIAL CREDIT RISK (CONTINUED)

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, 2024 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.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts Receivable consisted of the following at December 31, 2024:

Customer Accounts:		
Billed	\$ 2,627,744	
Less allowances:		
Uncollectible accounts	<u>(18,134)</u>	
Total billed		2,609,610
Unbilled, net		<u>2,608,428</u>
Total customer accounts		5,218,038
Other Accounts:		
Merchandise and jobbing	147,072	
Liens and other	<u>121,527</u>	
Total other accounts		<u>268,599</u>
Total net receivables		<u><u>\$ 5,486,637</u></u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 4 - PREPAID EXPENSES

Prepaid expenses consist primarily of advance payments for purchased power. At December 31, 2024, the Plant reported the following prepaid expenses:

Purchased power	\$ 3,553,018
NYPA prepayment fund	85,884
Fuel inventory	147,801
Insurance and other	<u>499,810</u>
Total	<u>\$ 4,286,513</u>

NOTE 5 - RESTRICTED CASH

Restricted cash consisted of the following at December 31, 2024:

Customer advances for construction fund	\$ 515,174
Customer deposits fund	758,775
Depreciation fund	9,031,746
Renewable energy certificate purchase fund	5,953,619
Underground fund	<u>3,785,756</u>
Total	<u>\$ 20,045,070</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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 6 - 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, 2024, 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, 2024.

Investment in associated companies consisted of the following for the year ended December 31, 2024:

Hydro-Quebec (at cost)	\$ 48,134
Energy New England, LLC (December 31, 2024 fair value)	<u>743,211</u>
Total	<u><u>\$ 791,345</u></u>

NOTE 7 - 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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 7 - LEASES RECEIVABLE (CONTINUED)

As of December 31, 2024, the Plant's receivable, and deferred inflow of resources for lease payments was \$551,587. The Plant recognized lease revenue of \$42,151 in calendar year 2024. These leases are summarized as follows:

	Leases Receivable	Leases Revenue
Fiber optic cable - Concord-Carlisle Regional School District	\$ 59,245	\$ 2,971
Fiber optic cable - Concord Academy	29,426	2,700
Fiber optic cable - DSCI Corporation	462,916	36,480
Total	\$ 551,587	\$ 42,151

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, which is expected to be exercised.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended June 30 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Structures and improvements	\$ 9,464	\$ 50	\$ --	\$ 9,514
Equipment and furnishings	14,728	329	--	15,057
Infrastructure	46,646	245	(16)	46,875
Intangible	<u>2,086</u>	<u>--</u>	<u>--</u>	<u>2,086</u>
Total capital assets, being depreciated	72,924	624	(16)	73,532
Less accumulated depreciation for:				
Structures and improvements	(5,677)	(282)	--	(5,959)
Equipment and furnishings	(6,183)	(421)	--	(6,604)
Infrastructure	(23,401)	(1,400)	15	(24,786)
Intangible	<u>(1,190)</u>	<u>(62)</u>	<u>--</u>	<u>(1,252)</u>
Total accumulated depreciation	<u>(36,451)</u>	<u>(2,165)</u>	<u>15</u>	<u>(38,601)</u>
Total capital assets, being depreciated, net	36,662	(1,541)	(1)	34,931
Capital assets, not being depreciated:				
Land	1,602	--	--	1,602
Construction in progress	<u>753</u>	<u>1,662</u>	<u>(210)</u>	<u>2,205</u>
Total capital assets, not being depreciated	<u>2,355</u>	<u>1,662</u>	<u>(210)</u>	<u>3,807</u>
Capital assets, net	<u>\$ 38,828</u>	<u>\$ 121</u>	<u>\$ (211)</u>	<u>\$ 38,738</u>

NOTE 9 - 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.

NOTE 10 - ACCOUNTS PAYABLE

Accounts payable represents 2024 expenses that were paid after December 31, 2024.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 11 - ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31, 2024:

Accrued payroll	\$ 456,066
Accrued sales tax	808
Accrued bond interest	<u>10,154</u>
Total	<u><u>\$ 467,028</u></u>

NOTE 12 - 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.

NOTE 13 - 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, 2024:

Provision for rate refund	\$ 5,239,645
Provision for injuries and damages	<u>311,997</u>
Total	<u><u>\$ 5,551,642</u></u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 14 - 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, 2024 were as follows:

General Obligation Bonds	Serial Maturities Through	Coupon Interest Rate(s) %	Amount Outstanding as of 12/31/24
Light plant expansion	06/01/27	2.07%	\$ 900,000
Telecom	06/15/29	5.00%	190,000
Telecom	06/30/28	5.00%	70,000
Smart grid - refunding	06/30/26	5.00%	<u>365,000</u>
Total general obligation bonds			<u>\$ 1,525,000</u>

FUTURE DEBT SERVICE

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2024 were as follows:

	Principal	Interest	Total
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>\$ 1,525,000</u>	<u>\$ 82,188</u>	<u>\$ 1,607,188</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 14 - LONG-TERM LIABILITIES (CONTINUED)

CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2024, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance 1/1/2024	Additions	Reductions	Total Balance 12/31/2024	Less Current Portion	Equals Long-Term Portion
Bonds payable	\$ 2,090	\$ --	\$ (565)	\$ 1,525	\$ (535)	\$ 990
Unamortized premium	177	--	(58)	119	(57)	62
Subtotal bonds	2,267	--	(623)	1,644	(592)	1,052
Net pension liability	3,536	--	(1,127)	2,409	--	2,409
Net OPEB liability	1,118	19	--	1,137	--	1,137
Compensated absences	201	37	--	238	(12)	226
Totals	<u>\$ 7,122</u>	<u>\$ 56</u>	<u>\$ (1,750)</u>	<u>\$ 5,428</u>	<u>\$ (604)</u>	<u>\$ 4,824</u>

NOTE 15 - 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 2024 and are offset with lease receivables.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 16 - 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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Retirement Benefits (Continued)

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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

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, 2024 were \$677,816, 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, 2024, the Plant reported a liability of \$2,409,270 related to its proportionate share of the net pension liability. For the current year, the net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. 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, 2024, the Plant's proportion was 9.95% a decrease of 1.35% from the prior year.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

PENSION LIABILITIES (ASSET), PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

For the year ended December 31, 2024, the Plant recognized pension expense of \$523,047. In addition, the Plant reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 180,818	\$ 324,684
Change of assumptions	298,842	--
Net difference between projected and actual earnings on pension plan investments	987,160	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	97,651	289,468
Contributions subsequent to the measurement date	691,372	--
Total	\$ 2,255,843	\$ 614,152

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, 2024. 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:

Year Ended December 31:

2025	\$ 46,688
2026	344,134
2027	716,046
2028	(156,549)
Total	\$ 950,319

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

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, 2023
Inflation	2.60%
Actuarial cost method	Entry age normal
Salary increases	2.50% for 10 years
Investment rate of return	6.50%
Post-retirement cost-of-living adjustment	5.00% 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 January 1, 2023 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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

TARGET ALLOCATIONS (CONTINUED)

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Global equity:	31-41%	
U.S. equity		4.19%
International equity		3.90%
Emerging equity		6.43%
Core fixed income:	12-18%	
Core bonds		2.24%
Short term fixed income		1.56%
Treasury STRIPS		1.56%
TIPS/ILBs		1.66%
Value-added fixed income	6-12%	5.07%
Private equity	13-19%	7.41%
Real estate	7-13%	3.90%
Timberland	1-7%	4.39%
Portfolio Completion (PCS)	7-13%	3.70%
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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)

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 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:

Year Ended	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
December 31, 2024	\$ 5,185,261	\$ 2,409,270	\$ 70,375

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.

NOTE 17 - 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, 2023 Annual Comprehensive Financial Report dated May 29, 2024.

All the following OPEB disclosures are based on a measurement date of June 30, 2024.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	25
Active employees	<u>34</u>
Total	<u><u>59</u></u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	4.00% ultimate rate, reduced to 3.50% while receiving the following step: 4.30% for seven years
Investment rate of return	7.00% per year net of investment expenses
Discount rate	7.00%, previously 6.75%
Healthcare cost trend rates	8.00% to 9.00%, fluctuating 0.50% annually, to an ultimate rate of 5.00%
Retirees' share of benefit-related costs	Range of 37.00% to 50.00%
Participation rate	65% of eligible employees. Medicare-eligible retirees as assumed to elect a Medicare plan option at age 65

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-2021.
- Retirees: The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Healthy Retirees projected using generational mortality and scale MP-2021.
- Disabled: The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Healthy Retirees projected using generational mortality and scale MP-2021. 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, 2024 are summarized in the following table:

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

TARGET ALLOCATIONS (CONTINUED)

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Debt securities	34.90%	3.10%
Equity securities	65.00%	4.70%
Short-term securities	0.10%	1.00%
Total	100.00%	

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 7.00% for the year ended June 30, 2024. 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, 2024 were as follows:

Total OPEB liability	\$ 3,491,606
Less: Plan fiduciary net position	(2,354,125)
Net OPEB liability	\$ 1,137,481
Plan fiduciary net position as a percentage of the total OPEB liability	67.42%

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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

CHANGES IN THE NET OPEB LIABILITY

The following summarizes the changes in the net OPEB liability for the year ending December 31, 2024:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, beginning of year	\$ 3,122,093	\$ 2,004,515	\$ 1,117,578
Changes for the year:			
Service cost	110,377	--	110,377
Interest	427,815	--	427,815
Contributions - employer	--	260,714	(260,714)
Net investment income	--	257,575	(257,575)
Benefit payments	(168,679)	(168,679)	--
Net Changes	369,513	349,610	19,903
Balance, end of year	\$ 3,491,606	\$ 2,354,125	\$ 1,137,481

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, 2024	\$ 1,574,992	\$ 1,137,481	\$ 776,128

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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:

Years Ended	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
December 31, 2024	\$ 692,586	\$ 1,137,481	\$ 1,689,844

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED (INFLOWS) OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2024, the Plant recognized an OPEB expense of \$(49,763). At December 31, 2024, the Plant reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 66,504	\$ --
Change in assumptions	23,297	150,889
Difference between expected and actual experience	63,843	270,190
Changes in proportion and differences between contributions and proportionate share of contributions	577,599	876,044
Net difference between projected and actual OPEB investment earnings	--	79,039
Total	\$ 731,243	\$ 1,376,162

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED (INFLOWS) OF RESOURCES RELATED TO OPEB (CONTINUED)

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, 2024. 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>	
2025	\$ (283,771)
2026	(193,977)
2027	(197,212)
2028	(37,008)
2029	<u>545</u>
Total	<u>\$ (711,423)</u>

NOTE 18 - 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 2.080% entitlement holder in the Massachusetts allocation of the NYPA firm and peaking energy. The contracts are for the life of the units and the 2024 average energy price under the NYPA contract was \$0.0492kWh.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 19 - 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.

NOTE 20- 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.

NOTE 21 - 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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 21 - RENEWABLE ENERGY CERTIFICATES (CONTINUED)

Information regarding the Plant’s calendar year ending December 31, 2024 REC holdings is as follows:

		Banked Certificates	Estimated Value
12/31/2024	MA Class I	70,849	\$ 2,760,809

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, 2024 is not recognized as an asset in the financial statements.

NOTE 22 - NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 101, Compensated Absences, and GASB Statement No. 102, Certain Risk Disclosures, both effective for the Plant beginning in 2024. Implementation of these standards did not have a significant impact on the Plant’s financial statements for the year ended December 31, 2024. GASB has also issued Statement No. 103, Financial Reporting Model Improvements, and Statement No. 104, Disclosure of Certain Capital Assets, both effective for fiscal years beginning after June 15, 2025, as well as Statement No. 105, Subsequent Events, effective for fiscal years beginning after June 15, 2026. The Plant is evaluating the potential impact of these future pronouncements on its financial statements.

NOTE 23 - RECLASSIFICATION OF PRIOR YEAR BALANCES

In the December 31, 2024 financial statements, prior year (2023) balances for other current assets and other liabilities have been reclassified to reflect regrouping of the Automotive Holding (Transportation Expense Holding) account. As a result, both other current assets and accrued liabilities for the year ended December 31, 2024 increased by \$24,622. In 2024, other current assets totaled \$7,819. This reclassification had no effect on net position. The adjustment was made to enhance presentation and transparency for users of the financial statements.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NOTE 24 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 19, 2026, which is the date the financial statements were available to be issued.

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**
(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, 2024	December 31, 2023	9.95%	\$ 2,409,270	\$ 4,341,755	55.49%	90.24%
December 31, 2023	December 31, 2022	11.30%	\$ 3,535,807	\$ 4,449,410	79.47%	86.75%
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%

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

See independent auditors' report.

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS**

(Unaudited)

Concord Contributory Retirement System

Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2024	December 31, 2023	\$ 677,816	\$ 677,816	\$ --	\$ 4,341,755	15.61%
December 31, 2023	December 31, 2022	\$ 753,957	\$ 753,957	\$ --	\$ 4,449,410	16.95%
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%

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

See independent auditors' report.

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
(Unaudited)**

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 110,377	\$ 85,311	\$ 139,786	\$ 104,047	\$ 81,473	\$ 89,258	\$ 89,218
Interest	427,815	186,411	873,014	233,339	223,249	200,587	242,729
Changes of benefit terms	--	(873,699)	--	14,751	--	1,321	--
Differences between expected and actual experience	--	76,982	--	(541,134)	(387,025)	63,915	96,636
Changes of assumptions	--	(74,454)	--	(222,077)	119,168	--	164,896
Benefit payments, including refunds of member contributions	(168,679)	(130,762)	(190,002)	(144,276)	(122,900)	(146,101)	(129,591)
Net Change in Total OPEB Liability	369,513	(730,211)	822,798	(555,350)	(86,035)	208,980	463,888
Total OPEB Liability - Beginning	3,122,093	3,852,304	3,029,506	3,584,856	3,670,891	3,461,911	2,998,023
Total OPEB Liability - Ending (A)	3,491,606	3,122,093	3,852,304	3,029,506	3,584,856	3,670,891	3,461,911
Plan Fiduciary Net Position							
Contributions - employer	260,714	209,439	323,430	240,206	223,526	244,891	262,417
Net investment income (losses)	257,575	202,735	(359,317)	434,188	32,947	70,007	71,621
Benefit payments, including refunds of member contributions	(168,679)	(130,762)	(190,002)	(144,276)	(122,900)	(146,101)	(129,591)
Net Change In Plan Fiduciary Net Position	349,610	281,412	(225,889)	530,118	133,573	168,797	204,447
Plan Fiduciary Net Position - Beginning	2,004,515	1,723,103	1,948,992	1,418,874	1,285,301	1,116,504	912,057
Plan Fiduciary Net Position - Ending (B)	2,354,125	2,004,515	1,723,103	1,948,992	1,418,874	1,285,301	1,116,504
Net OPEB Liability - Ending (A-B)	\$ 1,137,481	\$ 1,117,578	\$ 2,129,201	\$ 1,080,514	\$ 2,165,982	\$ 2,385,590	\$ 2,345,407

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

See independent auditors' report.

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS
(Unaudited)**

	2024	2023	2022	2021	2020	2019	2018
Schedule of Net OPEB Liability							
Total OPEB liability	\$ 3,491,606	\$ 3,122,093	\$ 3,852,304	\$ 3,029,506	\$ 3,584,856	\$ 3,670,891	\$ 3,461,911
Plan fiduciary net position	2,354,125	2,004,515	1,723,103	1,948,992	1,418,874	1,285,301	1,116,504
Net OPEB liability	<u>\$ 1,137,481</u>	<u>\$ 1,117,578</u>	<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	67.42%	64.20%	44.73%	64.33%	39.58%	35.01%	32.25%
Covered employee payroll	\$ 4,162,449	\$ 3,437,997	\$ 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	27.33%	32.51%	35.64%	33.22%	68.76%	69.70%	Unavailable
	2024	2023	2022	2021	2020	2019	2018
Schedule of Contributions							
Actuarially determined contribution	\$ 260,714	\$ 209,439	\$ 323,430	\$ 240,206	\$ 223,526	\$ 244,891	\$ 261,460
Contributions in relation to the actuarially determined contribution	<u>260,714</u>	<u>209,439</u>	<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>\$ --</u>	<u>\$ --</u>	<u>\$ (957)</u>
Covered employee payroll	\$ 4,162,449	\$ 3,437,997	\$ 5,974,795	\$ 3,252,501	\$ 3,149,976	\$ 3,422,839	Unavailable
Contributions as a percentage of covered employee payroll	6.26%	6.09%	5.41%	7.39%	7.10%	7.15%	Unavailable
	2024	2023	2022	2021	2020	2019	2018
Schedule of Investment Returns							
Annual money weighted rate of return, net of investment expense	12.19%	13.30%	-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
CONCORD MUNICIPAL LIGHT PLANT**

**SUPPLEMENTARY STATEMENT
COMBINING STATEMENT OF NET POSITION**

DECEMBER 31, 2024

(with summarized comparative information as of December 31, 2023)

	2024				2023			
	Light	Broadband	Eliminations	Total	Light	Broadband	Eliminations	Total
	Fund	Fund			Fund	Fund		
Assets								
Current Assets								
Unrestricted cash and short-term investments	\$ 2,027,846	\$ 680,100	\$ --	\$ 2,707,946	1,177,631	\$ 345,094	\$ --	1,522,725
Accounts receivable, net of allowance for uncollectible	5,347,688	138,949	--	5,486,637	5,158,500	122,994	--	5,281,494
Prepaid expenses	4,271,962	14,551	--	4,286,513	4,272,675	24,337	--	4,297,012
Inventory	1,186,674	152,370	--	1,339,044	1,136,584	168,690	--	1,305,274
Due from other entities	149,200	16,080	(15,087)	150,193	--	--	--	-
Leases receivable	59,245	39,180	--	98,425	14,626	50,696	--	65,322
Other current assets	6,103	1,716	--	7,819	22,713	1,909	--	24,622
Total Current Assets	13,048,718	1,042,946	(15,087)	14,076,577	11,782,729	713,720	--	12,496,449
Noncurrent Assets								
Restricted cash	20,044,054	1,016	--	20,045,070	15,487,561	5,360	--	15,492,921
Investment in associated companies	791,345	--	--	791,345	782,056	--	--	782,056
Due from Broadband	1,650,000	--	(1,650,000)	--	1,750,000	--	(1,750,000)	--
Leases receivable, net of current portion	--	453,162	--	453,162	--	253,187	--	253,187
Capital assets:								
Land and construction in progress	3,798,558	8,273	--	3,806,831	2,352,468	2,102	--	2,354,570
Other capital assets, net of accumulated depreciation	32,291,751	2,639,665	--	34,931,416	33,827,225	2,646,767	--	36,473,992
Total Noncurrent Assets	58,575,708	3,102,116	(1,650,000)	60,027,824	54,199,310	2,907,416	(1,750,000)	55,356,726
Total Assets	71,624,426	4,145,062	(1,665,087)	74,104,401	65,982,039	3,621,136	(1,750,000)	67,853,175
Deferred Outflows of Resources								
Related to pension	1,941,153	314,690	--	2,255,843	2,976,089	482,468	--	3,458,557
Related to OPEB	622,405	108,838	--	731,243	556,144	133,201	--	689,345
Total Deferred Outflows of Resources	2,563,558	423,528	--	2,987,086	3,532,233	615,669	--	4,147,902

See independent auditors' report.

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

**SUPPLEMENTARY STATEMENT
COMBINING STATEMENT OF NET POSITION (CONTINUED)**

DECEMBER 31, 2024

(with summarized comparative information as of December 31, 2023)

	2024				2023			
	Light Fund	Broadband Fund	Eliminations	Total	Light Fund	Broadband Fund	Eliminations	Total
Liabilities								
Current Liabilities								
Accounts payable	7,817,095	42,588	--	7,859,683	5,570,251	(10,601)	--	5,559,650
Accrued liabilities	403,663	63,365	--	467,028	298,107	35,626	--	333,733
Customer deposits	764,017	--	--	764,017	710,707	--	--	710,707
Customer advances for construction	514,158	1,016	--	515,174	373,133	5,360	--	378,493
Unearned revenue	5,515,412	36,230	--	5,551,642	4,385,436	31,550	--	4,416,986
Due to other entities	124,980	15,487	(15,087)	125,380	--	--	--	--
Current portion of long-term liabilities:								
Bonds payable	527,926	64,015	--	591,941	561,476	62,015	--	623,491
Compensated absences	10,918	972	--	11,890	9,372	662	--	10,034
Total Current Liabilities	15,678,169	223,673	(15,087)	15,886,755	11,908,482	124,612	--	12,033,094
Noncurrent Liabilities								
Due to Light	--	1,650,000	(1,650,000)	--	--	1,750,000	(1,750,000)	--
Bonds payable, net of current portion	818,271	232,799	--	1,051,070	1,346,197	296,814	--	1,643,011
Net pension liability	2,073,177	336,093	--	2,409,270	3,042,562	493,245	--	3,535,807
Net OPEB liability	1,041,330	96,151	--	1,137,481	1,013,326	104,252	--	1,117,578
Compensated absences, net of current portion	207,434	18,467	--	225,901	178,074	12,574	--	190,648
Total Noncurrent Liabilities	4,140,212	2,333,510	(1,650,000)	4,823,722	5,580,159	2,656,885	(1,750,000)	6,487,044
Total Liabilities	19,818,381	2,557,183	(1,665,087)	20,710,477	17,488,641	2,781,497	(1,750,000)	18,520,138
Deferred Inflows of Resources								
Related to pension	528,478	85,674	--	614,152	745,511	120,858	--	866,369
Related to OPEB	1,266,309	109,853	--	1,376,162	1,482,100	127,196	--	1,609,296
Related to leases	59,245	492,342	--	551,587	14,626	303,883	--	318,509
Total Deferred Inflows of Resources	1,854,032	687,869	--	2,541,901	2,242,237	551,937	--	2,794,174
Net Position								
Net investment in capital assets	34,744,112	2,351,124	--	37,095,236	34,272,020	2,290,041	--	36,562,061
Restricted for depreciation fund	9,031,746	--	--	9,031,746	7,000,140	--	--	7,000,140
Unrestricted	8,739,713	(1,027,586)	--	7,712,127	8,511,234	(1,386,670)	--	7,124,564
Total Net Position	\$ 52,515,571	\$ 1,323,538	\$ --	\$ 53,839,109	\$ 49,783,394	\$ 903,371	\$ --	\$ 50,686,765

See independent auditors' report.

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

**SUPPLEMENTARY STATEMENT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

FOR THE YEAR ENDED DECEMBER 31, 2024

(with summarized comparative information as of December 31, 2023)

	2024			2023		
	Light Fund	Broadband Fund	Total	Light Fund	Broadband Fund	Total
Operating Revenues						
Electric sales	\$ 32,542,515	\$ 268,942	\$ 32,811,457	\$ 30,340,785	\$ 238,848	\$ 30,579,633
Internet sales	--	1,409,124	1,409,124	--	1,311,012	1,311,012
Rate refund	(1,103,457)	--	(1,103,457)	(496,211)	--	(496,211)
Underground surcharge	514,171	--	514,171	507,667	--	507,667
Renewable energy certificate revenue	2,332,656	--	2,332,656	3,274,006	--	3,274,006
Other operating revenue	120,437	13,488	133,925	101,574	18,863	120,437
Total Operating Revenues	34,406,322	1,691,554	36,097,876	33,727,821	1,568,723	35,296,544
Operating Expenses						
Purchase power	22,330,269	207,611	22,537,880	21,479,653	213,459	21,693,112
Salaries and benefits	3,090,514	674,239	3,764,753	3,292,305	654,508	3,946,813
Other operating expenses	1,869,493	180,951	2,050,444	1,247,327	165,456	1,412,783
Depreciation	2,070,224	95,533	2,165,757	1,980,640	88,788	2,069,428
Customer accounts	1,557,603	26,477	1,584,080	1,729,635	27,010	1,756,645
Distribution	1,161,320	182,650	1,343,970	1,419,945	168,184	1,588,129
Transmission	103,852	--	103,852	99,220	--	99,220
Total Operating Expenses	32,183,275	1,367,461	33,550,736	31,248,725	1,317,405	32,566,130
Operating Income	2,223,047	324,093	2,547,140	2,479,096	251,318	2,730,414
Nonoperating Revenues (Expenses)						
Interest income	975,994	--	975,994	727,342	--	727,342
Interest expense	(72,592)	(13,771)	(86,363)	(79,621)	(16,358)	(95,979)
Loss on disposal of capital assets	(27,647)	(236)	(27,883)	(42,258)	(236)	(42,494)
Other expenses	(53,217)	(8,760)	(61,977)	(44,095)	(15,020)	(59,115)
Other revenues	148,342	118,841	267,183	382,710	111,168	493,878
Total Nonoperating Revenues (Expenses), Net	970,880	96,074	1,066,954	944,078	79,554	1,023,632
Income Before Transfers	3,193,927	420,167	3,614,094	3,423,174	330,872	3,754,046
Return on investment - Transfer to Town of Concord	(461,750)	--	(461,750)	(377,500)	--	(377,500)
Change in Net Position	2,732,177	420,167	3,152,344	3,045,674	330,872	3,376,546
Net Position - Beginning of Year	49,783,394	903,371	50,686,765	46,737,720	572,499	47,310,219
Net Position - End of Year	\$ 52,515,571	\$ 1,323,538	\$ 53,839,109	\$49,783,394	\$ 903,371	\$50,686,765

See independent auditors' report.

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

**SUPPLEMENTARY STATEMENT
COMBINING STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2024

(with summarized comparative information as of December 31, 2023)

	2024				2023			
	Light Fund	Broadband Fund	Eliminations	Total	Light Fund	Broadband Fund	Eliminations	Total
Cash Flows From Operating Activities								
Receipts from customers and users	\$ 35,400,420	\$ 1,680,279	\$ --	\$ 37,080,699	\$ 34,624,985	\$ 1,569,309	\$ --	\$ 36,194,294
Payments to vendors and employees	(28,051,237)	(1,189,074)	--	(29,240,311)	(30,656,849)	(1,231,459)	--	(31,888,308)
Net Cash Provided By Operating Activities	<u>7,349,183</u>	<u>491,205</u>	<u>--</u>	<u>7,840,388</u>	<u>3,968,136</u>	<u>337,850</u>	<u>--</u>	<u>4,305,986</u>
Cash Flows From Noncapital Financing Activities								
Return on investment to Town of Concord	(461,750)	--	--	(461,750)	(377,500)	--	--	(377,500)
Other expenses	(53,217)	(8,760)	--	(61,977)	(44,095)	(15,021)	--	(59,116)
Other revenues	<u>97,316</u>	<u>109,826</u>	<u>--</u>	<u>207,142</u>	<u>396,083</u>	<u>102,153</u>	<u>--</u>	<u>498,236</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>(417,651)</u>	<u>101,066</u>	<u>--</u>	<u>(316,585)</u>	<u>(25,512)</u>	<u>87,132</u>	<u>--</u>	<u>61,620</u>
Cash Flows From Capital and Related Financing Activities								
Acquisition and construction of capital assets	(1,980,840)	(94,838)	--	(2,075,678)	(2,678,016)	(202,312)	--	(2,880,328)
Principal payments on bonds	(512,000)	(53,000)	--	(565,000)	(510,000)	(50,000)	--	(560,000)
Proceeds from loans	100,000	--	(100,000)	--	75,000	--	(75,000)	--
Principal payments on loans	--	(100,000)	100,000	--	--	(75,000)	75,000	--
Interest expense	<u>(98,689)</u>	<u>(13,771)</u>	<u>--</u>	<u>(112,460)</u>	<u>(79,621)</u>	<u>(16,358)</u>	<u>--</u>	<u>(95,979)</u>
Net Cash (Used For) Capital and Related Financing Activities	<u>(2,491,529)</u>	<u>(261,609)</u>	<u>--</u>	<u>(2,753,138)</u>	<u>(3,192,637)</u>	<u>(343,670)</u>	<u>--</u>	<u>(3,536,307)</u>
Cash Flows From Investing Activities								
Investment income	<u>966,705</u>	<u>--</u>	<u>--</u>	<u>966,705</u>	<u>727,342</u>	<u>--</u>	<u>--</u>	<u>727,342</u>
Net Cash Provided By Investing Activities	<u>966,705</u>	<u>--</u>	<u>--</u>	<u>966,705</u>	<u>727,342</u>	<u>--</u>	<u>--</u>	<u>727,342</u>
Net Change in Cash and Short-Term Investments	<u>5,406,708</u>	<u>330,662</u>	<u>--</u>	<u>5,737,370</u>	<u>1,477,329</u>	<u>81,312</u>	<u>--</u>	<u>1,558,641</u>
Cash and Short Term Investments, Beginning of Year	<u>16,665,192</u>	<u>350,454</u>	<u>--</u>	<u>17,015,646</u>	<u>15,187,863</u>	<u>269,142</u>	<u>--</u>	<u>15,457,005</u>
Cash and Short Term Investments, End of Year	<u>\$ 22,071,900</u>	<u>\$ 681,116</u>	<u>\$ --</u>	<u>\$ 22,753,016</u>	<u>\$ 16,665,192</u>	<u>\$ 350,454</u>	<u>\$ --</u>	<u>\$ 17,015,646</u>

See independent auditors' report.

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

**SUPPLEMENTARY STATEMENT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2024

(with summarized comparative information as of December 31, 2023)

	2024				2023			
	Light Fund	Broadband Fund	Eliminations	Total	Light Fund	Broadband Fund	Eliminations	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities								
Operating income	\$ 2,223,047	\$ 324,093	\$ --	\$ 2,547,140	\$ 2,479,096	\$ 251,318	\$ --	\$ 2,730,414
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation	2,070,224	95,533	--	2,165,757	1,980,640	88,788	--	2,069,428
Changes in assets, liabilities, and deferred outflows/inflows:								
Accounts receivable	(189,188)	(15,955)	--	(205,143)	266,372	(1,424)	--	264,948
Prepaid expenses	713	9,786	--	10,499	(1,017,234)	36,376	--	(980,858)
Inventory	(50,090)	16,320	--	(33,770)	(15,196)	1,517	--	(13,679)
Other assets	16,610	(3,944)	--	12,666	--	(1,546)	--	(1,546)
Due from other entities	(149,200)	--	--	(149,200)	--	--	--	--
Accounts payable	2,246,844	53,189	--	2,300,033	(509,416)	(86,316)	--	(595,732)
Accrued liabilities	105,557	15,796	--	121,353	22,040	4,813	--	26,853
Due to other entities	124,980	15,487	--	140,467	--	--	--	--
Customer advances for construction	141,024	(4,344)	--	136,680	122,597	(27)	--	122,570
Unearned revenue	1,129,976	4,680	--	1,134,656	505,119	2,010	--	507,129
Net pension liability and related deferrals	(151,482)	(24,558)	--	(176,040)	294,412	47,729	--	342,141
Net OPEB liability and related deferrals	(254,048)	(1,081)	--	(255,129)	(302,422)	(3,662)	--	(306,084)
Other liabilities	84,216	6,203	--	90,419	142,128	(1,726)	--	140,402
Net Cash Provided By Operating Activities	<u>\$ 7,349,183</u>	<u>\$ 491,205</u>	<u>\$ --</u>	<u>\$ 7,840,388</u>	<u>\$ 3,968,136</u>	<u>\$ 337,850</u>	<u>\$ --</u>	<u>\$ 4,305,986</u>

See independent auditors' report.

**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Municipal Lighting Board
Concord Municipal Light Plant

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the Concord Municipal Light Plant (the "Plant"), a component unit of the Town of Concord, Massachusetts, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Plant's basic financial statements, and have issued our report thereon dated February 19, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plant's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plant's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plant's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plant's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of financial statement findings as item MW-2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plant's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Plant's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Plant's response to the finding identified in our audit and described in the accompanying schedule of financial statement findings. The Plant's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plant's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

Merrimack, NH
February 19, 2026

FINANCIAL STATEMENT FINDINGS

RECONCILE CASH ON A TIMELY BASIS - MATERIAL WEAKNESS

MW-2024-001

Criteria

Effective internal controls require that management have procedures in place to reconcile cash as reported in the general ledger with the Treasurer's cash book.

Condition and Context

During calendar year 2024, the Plant did not complete reconciliations of its unrestricted cash accounts between its ERP system and Town records until approximately 12 months after year-end.

Cause

Turnover in the Plant's Accounting and Town's Treasurer/Collector positions, and a computer system conversion caused the delay in reconciliation.

Effect or Potential Effect

Interim and year-end financial reports could have been materially misstated. Some audit procedures could not be completed until reconciliations were provided, increasing the risk of errors or irregularities related to cash balances.

Recommendation

CMLP and the Town should reconcile all key accounts monthly. Completed reconciliations should be reviewed and approved by the Finance Director. If reconciliations fall behind, management should consider outsourcing or external assistance.

Views of Responsible Official

Management accepts the finding and concurs with the recommendation to prioritize timely monthly reconciliations. While CMLP maintains ultimate responsibility for its financial records, the reconciliation process is inherently integrated with the Town's Treasury functions, as CMLP is bound by statute to utilize the Town's centralized cash management services. During the 2024 calendar year, several systemic and transitional challenges occurred simultaneously that hindered the reconciliation timeline. Specifically, CMLP faced significant technical hurdles caused by a lack of a dedicated bank account and a persistent posting lag between the Light Plant's ERP system (NISC) and the Town's financial system (Munis). These structural issues were compounded by a period of turnover in key personnel within the Town and CMLP Finance departments, alongside a complex Town accounting system conversion.

To remediate these challenges and ensure future compliance with GASB internal control standards, Management has established the following process improvements:

In response to related material audit findings, the Town's Chief Financial Officer has implemented a formal commitment to complete all month-end reconciliations between the Deputy Treasurer and Town Accountant within a 45-day timeframe. As CMLP's cash reconciliation is a downstream process that relies upon accurate balances within the Town's system, this new control provides the necessary assurance to allow CMLP to meet its own 90-day reconciliation target, consistent with historical practices.

In December 2025, CMLP Management proactively engaged CliftonLarsonAllen (CLA) to perform a transaction-by-transaction forensic reconciliation between the NISC and Munis systems dating back to

January 2023. This process identifies lagging entries (such as police detail and interdepartmental transfers) that have historically bypassed standard monthly matching. Completion of the forensic process will establish a verified baseline for January 1, 2025 and eliminate the moving target of beginning balances that hampered previous cycles. As of February 2026, CLA has successfully reconciled 16 of the 24 months in question (through April 2024). Moving forward, using the methodology established in the forensic reconciliation, the CMLP Finance Manager will maintain the reconciliation process with a target completion of 90 days in conjunction with monthly close, contingent upon the Town's adherence to its 45-day closing commitment.

Management and the Town have evaluated the feasibility of a separate bank account for CMLP. However, due to the complexity of consolidated utilities billed through the NISC ERP, it was determined that a separate account would currently introduce a higher risk of error. The Town remains committed to exploring this option further should future changes to the billing system or enterprise structure allow for a more streamlined approach.