

**WEST BOYLSTON MUNICIPAL LIGHTING PLANT
AND SUBSIDIARY**
Financial Statements
December 31, 2018 and 2017

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
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 DECEMBER 31, 2018 AND 2017

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GOULET, SALVIDIO
& ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
West Boylston Municipal Lighting Plant
West Boylston, Massachusetts 01583

We have audited the accompanying financial statements of West Boylston Municipal Lighting Plant and Subsidiary as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Lighting Plant's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

Management has reported its December 31, 2018 portion of the net pension liability (NPL) based on reports provided by the Worcester Regional Retirement System (WRRS) that are not in compliance with GASB standards. Government accounting standards require that the NPL be reported using actuarial data that is no more than 30 months and one day old. The WRRS provided NPL information using data from an actuarial valuation dated January 1, 2016. The amount by which this departure would affect the assets, liabilities, net position, and revenues of the Plant has not been determined.

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Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Plant as of December 31, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the West Boylston Municipal Lighting Plant and Subsidiary and do not purport to, and do not present fairly the financial position of the Town of West Boylston, Massachusetts, as of December 31, 2018 and 2017, and the changes in financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Other Postemployment Benefits and Net Pension Liability information on pages three through six and 42 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Boylston Municipal Lighting Plant and Subsidiary’s basic financial statements. The supplemental information presented on pages 46 through 53 is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts
April 2, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the West Boylston Municipal Lighting Plant's annual financial report, management provides a narrative discussion and analysis of the financial activities of the Lighting Plant for the year ending December 31, 2018. The Lighting 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 Statements of Net Position are designed to indicate our financial position as of a specific point in time. At December 31, 2018, it shows our net worth has increased by 16.5% over the year ended December 31, 2017.

The Statements of Revenues, Expenses and Changes in Net Position summarize our operating results and reveal how much of a profit was earned for the years presented. As discussed in more detail on the following page, our income for December 31, 2018 and 2017 was \$1,592,545 and \$2,173,284, respectively.

The Statements of Cash Flows provide information about the cash receipts and cash payments during the accounting period. The statement also provides information about the investing and financing activities for the same period.

Summary of Net Position

	<u>2018</u>	<u>2017</u> <u>(As Revised)</u>
Current Assets	\$ 7,530,589	\$ 7,840,904
Noncurrent Assets	<u>17,799,939</u>	<u>16,605,738</u>
Total Assets	<u>25,330,528</u>	<u>24,446,642</u>
Deferred Outflows of Resources	<u>578,901</u>	<u>807,621</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 25,909,429</u>	<u>\$ 25,254,263</u>
Current Liabilities	\$ 1,305,213	\$ 1,307,075
Noncurrent Liabilities	<u>8,491,253</u>	<u>9,838,741</u>
Total Liabilities	<u>9,796,466</u>	<u>11,145,816</u>
Deferred Inflows of Resources	<u>4,849,816</u>	<u>4,437,845</u>
Net Position:		
Net Investment in Capital Assets	4,377,552	3,884,723
Net Position Restricted for Depreciation	2,564,775	2,036,142
Unrestricted	<u>4,320,820</u>	<u>3,749,737</u>
Total Net Position	<u>11,263,147</u>	<u>9,670,602</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 25,909,429</u>	<u>\$ 25,254,263</u>

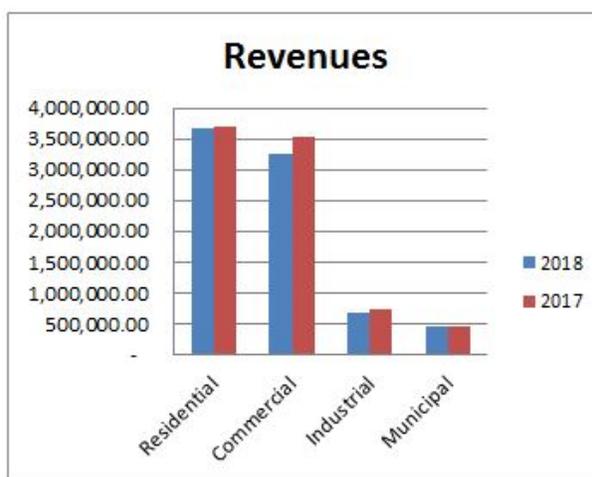
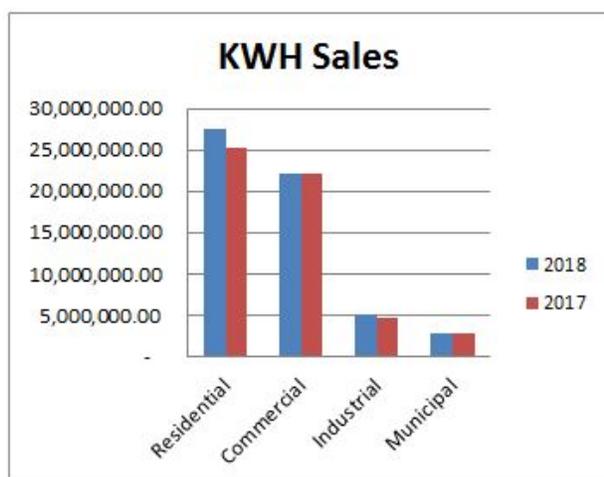
Summary of Changes in Net Position

	2018	2017 (As Revised)
Operating Revenues	\$ 8,177,956	\$ 8,693,940
Operating Expenses	<u>6,415,751</u>	<u>6,697,655</u>
Operating Income	1,762,205	1,996,285
Non-operating Revenues (Expenses)	<u>(169,660)</u>	<u>176,999</u>
Income Before Contributions and Transfers	1,592,545	2,173,284
Beginning Net Position	9,670,602	8,001,611
Implementation of GASB 75	<u>0</u>	<u>(504,293)</u>
Ending Net Position	<u>\$ 11,263,147</u>	<u>\$ 9,670,602</u>

Financial Highlights

Kilowatt Hour Sales

The following charts represent total kilowatt-hour sales and total sales of electricity by account class for 2018 and 2017. Overall the annual growth shows an increase of approximately 4.7% in kilowatt-hour sales and a decrease of approximately 4.4% in sales of electricity. The increase in kilowatt-hours sales was due to the recent construction of ninety-six residential rental and townhouse style properties utilizing 100% heat-pump base technology for heating and cooling. The decrease in operating revenues was a result of the increase in the total credit provided to all customers through the power purchase adjustment (PPA). The total cost per kWh provided as a credit to all customers in 2018 was \$0.014 per kWh greater than in 2017. WBMLP wrote-off, at the end of 2018, the cumulative amount in our PPA that would have been charged to customers, which also reduced 2018 revenues.



Customer Base

By the end of 2018, WBMLP provided electric service to 3,136 residents, 495 businesses and 72 municipal and government customers. WBMLP expects energy consumption and sales revenue in 2019 to remain stable and similar to 2018. Our sales revenues are not dependent on one industry or one significantly sized customer that could impact revenues in the event this customer leaves our service

Financial Highlights (Continued)

Customer Base (continued)

territory. Our largest customer, the Worcester county jail, has three electric services that accounted for approximately 7% of the total kilowatt-hour sales in 2018. The next 20 largest customers represent only 0.2% - 2.1% each, of our kilowatt-hour sales and therefore individually, do not pose a risk to our forecasted revenues and budgets.

Power Supply

Our 2018 power supply and transmission expenses represent 68% of WBMLP's annual operating budget. WBMLP purchases most of its annual energy supply through long-term contracts, power purchase agreements, and asset ownership that provide certain volumes of energy at fixed or known prices. Our long-term energy portfolio includes a mix of existing clean energy supply obligations that extend beyond 2035. In 2018, only 14% of our annual energy supply was considered "open" to market forces and fulfilled through ISO-NE day-ahead and real-time energy market purchases. The ability to own generation and execute long-term energy supply contracts is one of many distinct features that differentiate municipal light plants from distribution companies or IOUs.

The largest components of our 2018 power supply were two, zero greenhouse gas (GHG) emitting nuclear energy projects, representing approximately 45% of our power supply purchases. WBMLP expects the Millstone and Seabrook nuclear projects to operate and generate electricity through 2045 and 2050 respectively. 19% of our power supply in 2018 came from energy hedging contracts that provide fixed amounts of energy and prices for timeframes lasting up to five years. Hydroelectricity is another important component that was 7% of our long-term energy supply in 2018 and includes imported, low-cost clean hydroelectricity from New York for the specific benefit of our residential ratepayers. The remaining components of our 2018 power supply were generated from 8% wind, 5% solar, 2% natural gas, and 0.3% oil sources. The remaining 14% of our 2018 power supply was purchased through day-ahead and real-time ISO-NE market.

WBMLP's non-GHG emitting energy, as a percentage of sales, was 50.1% in 2018. WBMLP's non-GHG emitting energy in 2015 was 49.1% as reported in MassDEP's most recently published GHG Summary Report. In comparison, the Commonwealth's three largest Investor Owned Utilities (IOU's) reported only 7.4% - 11.2% of sales as non-emitting in 2015. WBMLP's ratepayers purchase an existing clean energy supply that exceeds MassDEP's Clean Energy Standard through the 2035-2040 timeframe. Our local control and regulatory process will continue to develop and purchase both renewable and clean energy given our unique vertically integrated structure.

The 2003 Massachusetts Renewable Energy Portfolio Standard (RPS) requires retail electricity suppliers (both regulated distribution utilities and competitive suppliers) obtain a percentage of the electricity they serve to their customers from qualifying renewable energy. RPS-qualified generation includes: Wind, Solar, Geothermal, Biomass, Landfill Gas, Small-Scale Hydroelectricity, Digester Gas and Waste Energy. These renewable energy sources generate environmental attributes called "Renewable Energy Credits" or "RECs". 15% of WBMLP's 2018 energy supply was generated from RPS qualified generation.

Although WBMLP is excluded from the RPS standard, it owns and controls the RECs from 9% of our annual power supply that is RPS qualified. WBMLP currently sells the RECs from our Berkshire wind project and three solar generation systems located in West Boylston. WBMLP will sell our RECs until we pay off the construction loans used to invest in this renewable energy. Once the loans are paid, WBMLP expects to retire the RECs and claim credit for the renewable energy attributes associated with these generation assets.

Financial Highlights (Continued)

Power Supply (continued)

WBMLP does not purchase or own the RECs from the remaining 6% of our annual power supply that is RPS qualified. This includes small-scale hydroelectricity we purchase from New Hampshire and wind energy we purchase from Princeton Wind and Hancock Wind. Even though WBMLP doesn't own these RECs, our long-term commitment to purchase the energy output from these renewable energy generators help ensure their construction and continued operation.

Utility Plant and Debt Administration

Utility Plant

The Lighting Plant and Cooperative's investment in utility plant assets, net of accumulated depreciation, as of December 31, 2018 and 2017 was \$10,241,142 and \$10,265,887 respectively. Plant and equipment replacement is part of an on-going capital improvement plan to keep the Lighting Plant in good operating condition.

Significant Balances and Transactions

Purchased Power Working Capital

The purchased power working capital is an amount held by Massachusetts Municipal Wholesale Electric Company (MMWEC), our power supply agent. MMWEC requires that they hold a set amount of capital (minimum of two months) from which it may pay our power supply obligations when they are due. They replenish the fund as needed from our monthly invoice payments. Currently our power costs are approximately \$425,000 per month. The balance in this fund as of December 31, 2018 and 2017 was \$977,615 and \$971,802, respectively.

Depreciation Fund

The West Boylston Municipal Lighting Plant maintains a depreciation fund, which is managed as a separate account by the Town of West Boylston Treasurer. This fund is used to pay for large capital investments such as new vehicles, distribution system upgrades and new construction projects. This fund is required by State statute. The Lighting Plant set aside 3% and 5% of the cost of plant to be used for capital improvements and additions for the years ending December 31, 2018 and 2017, respectively. Our depreciation fund balance at December 31, 2018 and 2017 was \$2,564,775 and \$2,036,142 respectively.

Rate Stabilization Fund

WBMLP established a rate stabilization fund which is managed by MMWEC. The fund was initially established to mitigate the difference in the market cost of energy and our long term energy contract costs. Today the rate stabilization fund represents a reserve of approximately six months energy and transmission supply costs in the event of a national emergency, fuel supply disruption, transmission constraints, nuclear decommissioning expenses, new state and federal regulations related to clean energy, homeland security, climate change, and other disruptions to the energy market.

Significant Balances and Transactions (Continued)

Rate Stabilization Fund (continued)

New England and Massachusetts in particular, is heavily dependent on reliable and cost effective natural gas fuel supply for energy generation. The transportation and supply of natural gas is becoming constrained due to a lack of multiple natural gas transmission pipelines into the Commonwealth. Demand for the supply of natural gas continues to increase as the Commonwealth and the ISO-NE region reduces and eliminates coal and oil from its sources of generation, and, consumers switch to natural gas for residential and commercial heating. ISO-NE market rates for energy have been impacted previously by the lack of adequate natural gas pipeline infrastructure in Massachusetts.

There are many factors, other than the cost of energy, such as increased financial requirements of the ISO New England, the possibility of escalating costs at our nuclear facilities due to homeland security requirements and interruptions in supply due to natural and manmade disasters, which could dramatically affect the cost of energy and transmission services. Our rate stabilization fund balance at December 31, 2018 and 2017 was \$4,088,276 and \$3,628,784, respectively.

Rates

WBMLP's average electricity rates continue to remain lower than investor owned utility rates in Massachusetts in 2018. Our electricity rates have remained the same since 2009 and we don't expect a rate increase in 2019. In 2018, the average homeowner in West Boylston consumed approximately 730 kilowatt hours per month and spent approximately \$100 per month for that electricity. WBMLP continues to manage its operating budget to minimize future rate increases.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2017

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2018	2017 (As Revised)
CURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Operating Cash	\$ 4,803,590	\$ 4,994,218
Petty Cash	1,800	1,800
Customer Accounts Receivable, Net	116,026	182,568
Accounts Receivable - Other	481,126	559,473
Interest Receivable	11,784	8,499
Unbilled Revenue	714,068	743,698
Materials and Supplies	370,418	341,268
Prepaid Expenses	23,692	22,136
Prepaid Purchased Power	30,470	15,442
Purchased Power Working Capital	977,615	971,802
	7,530,589	7,840,904
NONCURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Customer Deposits	156,571	149,537
Depreciation Fund	2,564,775	2,036,142
Funds on Deposit with MMWEC		
Pooled Financing	547,289	510,670
Investments	14,718	14,718
Preliminary Surveys	187,168	0
Rate Stabilization Fund	4,088,276	3,628,784
Utility Plant Assets, Net	10,241,142	10,265,887
	17,799,939	16,605,738
TOTAL ASSETS	25,330,528	24,446,642
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pensions	578,901	807,621
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 25,909,429	\$ 25,254,263

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2017

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2018	2017 (As Revised)
CURRENT LIABILITIES:		
Accounts Payable	\$ 753,796	\$ 675,456
Accrued Expenses	33,843	114,045
Pooled Financing Loan	312,007	312,007
Bond Payable	205,567	205,567
TOTAL CURRENT LIABILITIES	1,305,213	1,307,075
NONCURRENT LIABILITIES:		
Customer Deposits	156,571	149,537
Net Pension Liability	2,699,151	3,271,998
Other Postemployment Benefit Obligation	289,515	553,616
Pooled Financing Loan, Net of Current Portion	3,796,085	4,108,092
Bond Payable, Net of Current Portion	1,549,931	1,755,498
TOTAL NONCURRENT LIABILITIES	8,491,253	9,838,741
TOTAL LIABILITIES	9,796,466	11,145,816
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources Related to Pensions	557,260	142,945
Deferred Inflows of Resources Related to OPEB	204,280	21,618
Purchased Power Adjustment	0	103,729
Reserve for Rate Stabilization	4,088,276	4,169,553
TOTAL DEFERRED INFLOWS OF RESOURCES	4,849,816	4,437,845
NET POSITION:		
Net Investment in Capital Assets	4,377,552	3,884,723
Net Position Restricted for Depreciation	2,564,775	2,036,142
Unrestricted Net Position	4,320,820	3,749,737
TOTAL NET POSITION	11,263,147	9,670,602
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 25,909,429	\$ 25,254,263

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OPERATING FUND

	<u>2018</u>	<u>2017</u> (As Revised)
OPERATING REVENUES:		
Sales of Electricity	\$ 8,121,402	\$ 8,494,759
Other Operating Revenues	<u>56,554</u>	<u>199,181</u>
TOTAL OPERATING REVENUES	<u>8,177,956</u>	<u>8,693,940</u>
OPERATING EXPENSES:		
Operations and Maintenance	5,851,603	5,815,293
Depreciation	<u>564,148</u>	<u>882,362</u>
TOTAL OPERATING EXPENSES	<u>6,415,751</u>	<u>6,697,655</u>
OPERATING INCOME	<u>1,762,205</u>	<u>1,996,285</u>
NONOPERATING REVENUES (EXPENSES):		
Grant Income	0	67,328
Investment Income	12,264	329,454
Interest Expense	(183,822)	(193,864)
Pooled Financing Issuance Costs	0	(27,817)
Amortization of Bond Premium	<u>1,898</u>	<u>1,898</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(169,660)</u>	<u>176,999</u>
Income Before Contributions and Transfers	1,592,545	2,173,284
NET POSITION - JANUARY 1	9,670,602	8,001,611
Implementation of GASB 75	<u>0</u>	<u>(504,293)</u>
NET POSITION - DECEMBER 31	<u>\$ 11,263,147</u>	<u>\$ 9,670,602</u>

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OPERATING FUND

	2018	2017 (As Revised)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 8,353,131	\$ 8,806,240
Other Operating Cash Receipts - Solar Renewable Energy Credits	159,723	185,096
Cash Paid to Suppliers	(5,239,858)	(5,403,135)
Cash Paid to Employees	(822,921)	(822,437)
Cash Paid for Benefits	(396,330)	(576,599)
	2,053,745	2,189,165
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interest Expense	(275)	(272)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Grant Income	0	67,328
Additions to Plant Assets	(539,403)	(467,655)
Repayments on Long Term Debt	(515,676)	(390,982)
Net Transfers to Depreciation Fund	(489,364)	(484,547)
Transfers to Pooled Financing Reserve Fund	(36,619)	(38,504)
Interest Expense	(160,408)	(169,157)
	(1,741,470)	(1,483,517)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Income	45,176	35,851
Transfers to Rate Stabilization Reserve	(540,769)	0
Purchase of Investments	(300,000)	(749,920)
Proceeds from Sales and Maturities of Investments	877,000	700,000
	81,407	(14,069)
NET INCREASE IN CASH AND CASH EQUIVALENTS	393,407	691,307
CASH AND CASH EQUIVALENTS - JANUARY 1	2,850,555	2,159,248
CASH AND CASH EQUIVALENTS - DECEMBER 31	\$ 3,243,962	\$ 2,850,555

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OPERATING FUND

	2018	2017 (As Revised)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 1,762,205	\$ 1,996,285
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	564,148	882,362
Rate Stabilization Reserve	(81,278)	265,900
Changes in Assets and Liabilities		
(Increase) Decrease in:		
Accounts Receivable - Customers	66,542	(1,677)
Accounts Receivable - Other	78,347	(325,589)
Deferred Outflows of Resources Related to Pensions	228,720	(283,312)
Unbilled Revenue	29,630	(39,770)
Materials and Supplies	(29,150)	(71,295)
Prepaid Expenses	(1,556)	(3,390)
Prepaid Purchased Power	(15,028)	69,937
Preliminary Surveys	(187,168)	0
Increase (Decrease) in:		
Accounts Payable	55,201	78,678
Accrued Expenses	(80,202)	(148,275)
Customer Deposits	7,034	10,687
Net Pension Liability	(572,847)	534,280
Other Post Employment Benefits	(264,101)	(19,288)
Deferred Inflows of Resources Related to Pensions	414,315	(26,251)
Deferred Inflows of Resources Related to OPEB	182,662	0
Miscellaneous Deferred Liabilities	(103,729)	(730,117)
Net Cash Provided by Operating Activities	\$ 2,053,745	\$ 2,189,165

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

The following amounts are considered to be cash or cash equivalents for the statements of cash flows:

	2018	2017 (As Revised)
Petty Cash	\$ 1,800	\$ 1,800
Operating Cash	2,469,023	2,694,721
Operating Money Market	616,568	4,497
Customer Deposits	156,571	149,537
	\$ 3,243,962	\$ 2,850,555

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 STATEMENTS OF FIDUCIARY NET POSITION
 DECEMBER 31, 2018 AND 2017

OPEB TRUST FUND

ASSETS

	2018	2017
Funds on Deposit with MMWEC		
Cash and Cash Equivalents	\$ 738,214	\$ 770,305

NET POSITION

FIDUCIARY NET POSITION - Restricted	\$ 738,214	\$ 770,305
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WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OPEB TRUST FUND

	2018	2017
Net Investment Income (Loss)	\$ (32,091)	\$ 99,869
FIDUCIARY NET POSITION - JANUARY 1	770,305	670,436
FIDUCIARY NET POSITION - DECEMBER 31	\$ 738,214	\$ 770,305

See Accompanying Notes to Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of West Boylston Municipal Lighting Plant are as follows:

Reporting Entity

The West Boylston Municipal Lighting Plant is a component unit of the Town of West Boylston, Massachusetts. The Board of Commissioners appoints the manager of the Lighting Plant who shall be responsible for operation and management of the Lighting Plant. The Lighting Plant purchases power from various sources and sells it to the ultimate consumers at rates on file with the Massachusetts Department of Public Utilities (DPU).

Basis of Consolidations

The consolidated financial statements include the accounts of the West Boylston Municipal Lighting Plant and of its subsidiary, Massachusetts Municipal Light Department Solar Energy Cooperative Corporation (the “Cooperative”). Intercompany transactions have been eliminated.

Regulation and Basis of Accounting

The Lighting Plant’s financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Under Massachusetts law, electric rates of the Lighting Plant are set by the Municipal Lighting Board and may be changed not more than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities. While the DPU exercises general supervisory authority over the Lighting Plant, the Lighting Plant’s rates are not subject to DPU approval.

Depreciation

The general laws of Massachusetts allow utility plant in service to be depreciated at an annual rate of 3%. In order to change this rate, approval must be obtained from the Department of Public Utilities. Changes in annual depreciation rates may be made for financial factors relating to cash flow rather than for engineering factors relating to estimates of useful lives. The Lighting Plant used a depreciation rate of 3% and 5% for the years ended December 31, 2018 and 2017, respectively.

The Lighting Plant charges maintenance and repairs to operations when incurred. Replacements and betterments are charged to utility plant.

Revenues

Revenues from sales of electricity are recorded on the basis of bills rendered from monthly readings taken on a cycle basis. The revenues are based on rates established by the Lighting Plant, which are applied to customers’ consumption of electricity. The Lighting Plant’s rates contain an adjustable component pursuant to which increased power costs (power costs in excess of amounts recovered through base rates) are billable to customers. The Lighting Plant has a fuel cost adjustment clause pursuant to which increased fuel costs (fuel costs in excess of amounts recovered through base rates) are billable to customers.

Operating revenue includes revenues and expenses related to the continuing operations of the Lighting Plant. Principal operating revenues are charges to customers for sales of electricity or services.

Operating expenses are the costs of providing electricity and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Reclassification

Certain prior year amounts have been reclassified to conform to the 2018 presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Lighting Plant considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Town of West Boylston maintains and controls major cash and investment pools in which the primary government and component units share.

Materials and Supplies

Materials and supplies are valued using the average cost method.

Taxes

The Lighting Plant is exempt from federal income taxes, as well as property taxes.

Sales Tax

The Lighting Plant collects sales tax. The amount received is credited to a liability account and as payments are made, this account is charged. At any point in time, this account represents the net amount owed to the taxing authority for amounts collected but not yet remitted.

Compensated Absences

In accordance with the Lighting Plant policies, employees are allowed to accumulate sick days, up to a maximum of 60 days. Upon termination and after 10 years of service of employment with the Lighting Plant, the employee will be paid a maximum of 30 days of accumulated sick time. Non-bargaining employees are eligible to carry over 5 days of vacation time from one year to the next. Other employees are not permitted to carry over vacation time from one year to the next. Upon termination of employment with the Lighting Plant, the employee will be paid for unused vacation time based on the employee's base rate of pay at the time of termination.

Pensions

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

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements, deferred outflows and inflows of resources, represent a consumption of net position that applies to a future period and so will not be recognized as an outflow/inflow of resources (expense/expenditure) until then.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Other Postemployment Benefits (OPEB)

For purposes of measuring the Plant's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plant's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Financial Statement Revision

The Plant revised its beginning net position through the implementation of GASB Statement #75 related to accounting for OPEB. The cumulative effect of this revision was to reduce the prior year total net position by \$504,293, increase the OPEB liability by \$482,675 and increase deferred inflows of resources related to OPEB by \$21,618.

NOTE 2 – CASH AND INVESTMENTS:

The Plant owns shares of Hydro Quebec Phase II stock. The securities are stated at cost. Fair market value approximates stated value.

Concentration of Credit Risk

The Lighting Plant's deposits with the Town Treasurer are invested with various financial institutions. It is not practical to disclose the related bank balance and credit risk of such cash deposits for the Lighting Plant. Funds on deposit with financial institutions are subject to the insurance coverage limits imposed by the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The amount of insurance coverage for the Plant deposits are not determinable because the limits of insurance are completed on a town-wide basis.

Custodial Credit Risk – Deposits and Investments

In the event of a failure by the counterparty, the Plant would not be able to recover the value of its investments.

Interest Rate Risk

The Plant invests in term securities out to a maximum of five years to help limit the amount of exposure to fair value losses.

Operating and Depreciation Fund Investments

A cash and investment pool is maintained and available for use of the depreciation and operating funds. The funds are invested in obligations of certificates of deposit, money market accounts and bank deposits. Since these investments are held to maturity they are recorded at cost or amortized cost.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – CASH AND INVESTMENTS (Continued):

Operating and Depreciation Fund Investments (continued)

As of December 31, 2018 and 2017, the Lighting Plant had the following investments:

	<u>Ratings as of Year End</u>	<u>2018 Fair Value</u>	<u>2018 Under 1 Year</u>	<u>2018 1-5 Years</u>	<u>2017 Fair Value</u>
<u>Term Securities</u>					
Certificate of Deposit	Exempt	\$ 4,005,000	<u>\$ 1,588,000</u>	<u>\$ 2,417,000</u>	\$ 4,287,000
<u>Other Securities</u>					
Money Market		<u>894,342</u>			48,639
Total Investments		<u>\$ 4,899,342</u>			<u>\$ 4,335,639</u>

The following accounts were considered investments as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Operating Fund	\$ 2,334,568	\$ 2,299,497
Depreciation Fund	<u>2,564,774</u>	<u>2,036,142</u>
Total Investments	<u>\$ 4,889,342</u>	<u>\$ 4,335,639</u>

As of December 31, 2018, investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represents 5% or more of total investments are as follows:

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
Investors CMTY Certificate of Deposit	\$ 250,000	5%
Everbank Certificate of Deposit	250,000	5%
Bridgewater Bank Certificate of Deposit	250,000	5%
Town Bank Portsmouth Certificate of Deposit	250,000	5%
Citibank National Certificate of Deposit	250,000	5%
Merrick Bank South Certificate of Deposit	250,000	5%
Farm Bur Bank Certificate of Deposit	250,000	5%

All investments are invested in certificate of deposits or money market funds, therefore they are not subject to the GASB 72 disclosures.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 3 – UNBILLED REVENUE:

Revenues from sale of electricity are recorded on the basis of bills rendered from monthly readings taken on a cycle basis throughout the month. In order to reflect revenues in the proper period, the estimated amount of revenue applicable to unbilled usage has been recorded.

NOTE 4 – CUSTOMER ACCOUNTS RECEIVABLE:

The Lighting Plant carries its accounts receivable at cost less an allowance. The Lighting Plant can place a lien against a property if payment is not made. For non-owners, the company requires a deposit that can be applied to any unpaid amounts. In addition, the Lighting Plant has the right to shut off service to customers during the months of April through October if the customer is not making payments. Once a customer’s bill has become 2 months outstanding a 10 day shut off letter is sent out. If there is no response to the first letter within 5 days, a 5 day shut off letter is sent out and if there is still no response from the customer, the customer is shut off. On a periodic basis, the Lighting Plant evaluates its accounts receivable to determine if any write-offs are necessary.

Customer Accounts Receivable consists of the following:

	2018	2017
Accounts Receivable	\$ 127,554	\$ 194,096
Less: Allowance for Doubtful Accounts	(11,528)	(11,528)
Accounts Receivable, Net	\$ 116,026	\$ 182,568

NOTE 5 – ACCOUNTS RECEIVABLE - OTHER:

Accounts Receivable – Other consists of the following:

	2018	2017
Merchandise and Jobbing	\$ 37,446	\$ 83,616
Solar Renewable Energy Credits Receivable	381,963	404,857
Berkshire Wind Renewable Energy Credits Receivable	30,443	25,610
Liens Receivable	31,274	45,390
Total Other Accounts Receivable	\$ 481,126	\$ 559,473

NOTE 6 – DEPRECIATION FUND:

Pursuant to provisions of the Commonwealth’s General Laws, cash in an amount equivalent to the annual depreciation expense is transferred from unrestricted funds to the depreciation fund. Interest earned on the balance of the fund must also remain in the fund. Such cash may be used for the cost of plant, nuclear decommissioning costs, the costs of contractual commitments, and future costs related to such commitments, which the Municipal Lighting Board determines are above market value.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 7 – RATE STABILIZATION FUND:

The Rate Stabilization Fund was created as an aftermath of the Massachusetts Electricity Restructuring Act of 1997. These funds are for unexpected escalation in costs, such as the decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission cost increases. The Rate Stabilization Fund balance at December 31, 2018 and 2017 was \$4,088,276 and \$3,628,784, respectively. The balance in the Fund is offset by a deferred inflow of resources for the accumulated provision for rate refund. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2018 and 2017 was \$84,051,022 and \$80,295,538, respectively, of which West Boylston Municipal Light Plant's ownership was approximately 4.9% and 4.5%, respectively.

NOTE 8 – PURCHASED POWER WORKING CAPITAL:

The purchased power working capital is an amount held by Massachusetts Municipal Wholesale Electric Company (MMWEC), the Lighting Plant's power supply agent. The implementation of the Working Capital Program began August 1, 1985. MMWEC participants approved certain working capital amendments to the various power purchase agreements. MMWEC requires that they hold a set amount of capital from which it may pay power obligations when they are due. They replenish the fund as needed from the monthly invoice payments. The income earned allocated to the Lighting Plant is applied as a credit to MMWEC Power Sales Billing. The balance in the Fund as of December 31, 2018 and 2017 is \$977,615 and \$971,802, respectively.

NOTE 9 – MMWEC PARTICIPATION:

The Town of West Boylston, acting through its Lighting Plant, is a participant in certain projects of 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 (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). Among other things, the PSAs require each Project Participant to pay its *pro rata* share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability to an additional amount not to exceed 25% of their original Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs.

West Boylston Municipal Lighting Plant has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Lighting Plant is required to make certain payments to MMWEC payable solely from Lighting Plant revenues. Under the PSAs, each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017

NOTE 10 – RISK MANAGEMENT:

Self-Insurance Trust

West Boylston Lighting Plant participates in Massachusetts Municipal Self-Insurance Trust Fund (the Trust) with 17 other municipalities for the purpose of sharing excess liability and officers' liability risks. General liability coverage provides for \$500,000 per occurrence, with a \$50,000 deductible that would be paid by the Plant. Environmental insurance coverage provides for \$1,500,000 per occurrence, with a \$100,000 deductible that would be paid by the Plant and the Trust Fund. Each participating municipality contributes an annual premium to the Trust based on frequency and severity of claims and share of the group's total kilowatt-hour sales. Payments for claims over the deductible limit are funded by trust assets or, if required, additional contributions from the participants.

Generally accepted accounting principles require that liabilities for self-insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2018 and 2017, the Lighting Plant considers its pro rata share of these losses to be immaterial to its financial statements.

NOTE 11 – LEASE COMMITMENT:

During 2016, West Boylston Municipal Lighting Plant entered into a twenty-five year lease to lease land from the Town of West Boylston. The amount the Lighting Plant is required to pay is \$10,000 per year and is due the first of the year. Rent expense related to this lease for 2018 and 2017 was \$10,000.

Future minimum lease payments are as follows:

2019	\$	10,000
2020		10,000
2021		10,000
2022		10,000
2023		10,000
Thereafter		<u>180,000</u>
Total	\$	<u>230,000</u>

NOTE 12 – POOLED FINANCING LOAN:

In August 2016, WBMLP entered into a Pooled Loan Program Agreement with the Massachusetts Municipal Wholesale Electric Company (MMWEC) for the purpose of financing the construction of a solar facility. Interest only was due monthly at a fixed interest rate of 1.75% per annum. On March 21, 2017, the Plant terminated the Pooled Financing Loan Agreement through MMWEC. Principal and Interest are payable monthly. The interest rate is fixed at 3.15% and the loan matures February 2032. The outstanding principal balance as of December 31, 2018 and 2017 was \$4,108,092 and \$4,420,099, respectively. Interest expense relating to this loan was \$139,797 and \$149,471 for the years ended December 31, 2018 and 2017, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 12 – POOLED FINANCING LOAN (Continued):

	2018	2017
Note Payable with Pooled Loan with MMWEC payable in monthly installments including a fixed interest rate of 3.15%. Due March 2032.	\$ 4,108,092	\$ 4,420,099
Less: Current Maturities	(312,007)	(312,007)
Long-Term Notes Payable, Less Current Portion	\$ 3,796,085	\$ 4,108,092

Maturities of the note payable are shown as follows:

For the year ended December 31,	2019	\$	312,007
	2020		312,007
	2021		312,007
	2022		312,007
	2023		312,007
	Thereafter		2,548,057
	Total	\$	4,108,092

At the inception of the loan, MMWEC was required to collect 10% of the initial borrowing amount to be deposited into a Reserve Requirement Account to serve as collateral for the bank. MMWEC is also required to collect 10% of the amount of interest due monthly from each Pooled Loan Participant to further fund the Reserve Requirement Account. These funds will either be returned to WBMLP, or used as the final loan payments at the end of the amortization period. The balance in the Pooled Financing Account, which includes both the required reserve amount as well as any available funds to be spent as of December 31, 2018 and 2017 was \$547,289 and \$510,670, respectively.

NOTE 13 – BOND PAYABLE:

On March 21, 2013 the Town issued \$4,300,000 of general obligation bonds, of which \$2,000,000 was allocated to the Lighting Plant. The proceeds for the advances were to be used to pay for capital additions related to a new Temple Street Substation Project. The bond has a 15-year life. The interest rates range from 1.00% to 2.25% over the term of the bond.

At December 31, 2018 and 2017, the principal amount outstanding was \$1,190,000 and \$1,325,000, respectively. Interest expense relating to this bond was \$26,450 and \$31,850 for the years ended December 31, 2018 and 2017, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017

NOTE 13 – BOND PAYABLE (Continued):

Maturities of the bonds are shown as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For Years Ending December 31,	2019	\$ 135,000	\$ 23,750	\$ 158,750
	2020	135,000	21,050	156,050
	2021	135,000	18,350	153,350
	2022	135,000	15,650	150,650
	2023	130,000	13,000	143,000
	2024-2027	<u>520,000</u>	<u>23,400</u>	<u>543,400</u>
	Total	1,190,000	<u>\$ 115,200</u>	<u>\$ 1,305,200</u>
Plus: Unamortized Net Premiums		16,149		
Less: Current Maturities of Long Term Debt		<u>136,898</u>		
				<u>\$ 1,069,251</u>

NOTE 14 – ADVANCES TO MMLD SOLAR ENERGY COOPERATIVE CORPORATION:

West Boylston Municipal Lighting Plant has advanced amounts to the Cooperative in order to pay for development costs associated with the West Boylston Facilities, as well as some construction costs that were in excess of the bond proceeds. There are no specific repayment terms. As of December 31, 2018 and 2017, the total advance to the Cooperative was \$815,564.

NOTE 15 – RELATED PARTY TRANSACTIONS:

In the ordinary course of business, the Lighting Plant sells electricity to various Town departments. During the years ended December 31, 2018 and 2017, sales to these departments totaled \$471,057 and \$421,491, respectively. At December 31, 2018 and 2017, the amounts due from these departments were \$2,215 and \$26,607, respectively.

During the years ended December 31, 2018 and 2017, the Lighting Plant reimbursed the Town \$423,358 and \$429,851, respectively. At December 31, 2018 and 2017, amounts payable to the Town were \$18,188 and \$700, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 16 – UTILITY PLANT ASSETS:

	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018
Capital Assets Not Being Depreciated:				
Land	\$ 666,428	\$ 0	\$ 0	\$ 666,428
Construction in Progress	<u>36,026</u>	<u>247,198</u>	<u>0</u>	<u>283,224</u>
Capital Assets Not Being Depreciated	<u>702,454</u>	<u>247,198</u>	<u>0</u>	<u>949,652</u>
Capital Assets Being Depreciated:				
Distribution Plant	9,460,790	292,205	(37,434)	9,715,561
General Plant	2,510,816	0	0	2,510,816
Generation Plant	<u>6,245,604</u>	<u>0</u>	<u>0</u>	<u>6,245,604</u>
Total	<u>18,217,210</u>	<u>292,205</u>	<u>(37,434)</u>	<u>18,471,981</u>
Less Accumulated Depreciation For:				
Distribution Plant	(6,051,044)	(260,243)	37,434	(6,273,853)
General Plant	(1,848,927)	(75,322)	0	(1,924,249)
Generation Plant	<u>(753,806)</u>	<u>(228,583)</u>	<u>0</u>	<u>(982,389)</u>
Total Accumulated Depreciation	<u>(8,653,777)</u>	<u>(564,148)</u>	<u>37,434</u>	<u>(9,180,491)</u>
Capital Assets Being Depreciated, Net	<u>9,563,433</u>	<u>(271,943)</u>	<u>0</u>	<u>9,291,490</u>
Utility Plant Assets, Net	<u>\$ 10,265,887</u>	<u>\$ (24,745)</u>	<u>\$ 0</u>	<u>\$ 10,241,142</u>

NOTE 17 – NET INVESTMENT IN CAPITAL ASSETS:

	2018	2017
Cost of Capital Assets Acquired	\$ 19,421,633	\$ 18,919,664
Less: Accumulated Depreciation	(9,180,491)	(8,653,777)
Less: Outstanding Debt Related to Capital Assets	<u>(5,863,590)</u>	<u>(6,381,164)</u>
Net Investment in Capital Assets	<u>\$ 4,377,552</u>	<u>\$ 3,884,723</u>

NOTE 18 – PENSION PLAN:

Plan Description

The Lighting Plant, through the Town of West Boylston, is a member of the Worcester Regional Retirement System which, in turn, is a member of the Massachusetts Contributory Retirement System which is governed by M.G.L. c.32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 18 – PENSION PLAN (Continued):

Plan Description (continued)

The Plan is a cost-sharing multiple-employer contributory defined benefit plan for all county employees and employees of participating towns and districts except those employees who are covered by teachers' retirement board. The Plan's separately issued financial statements can be obtained by contacting Worcester Regional Retirement System at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01501.

Benefits Provided

The System provides retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of member's highest three-year average annual rate of regular compensation. For members who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are three classes of membership in the retirement system: Group 1, Group 2, and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service if hired after 1978 and if classified in group 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in group 1, 55 years of age with 10 years of service if in group 2, and 55 years of age if classified in group 4 or hired prior to 1978. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions normal retirement is at age 55).

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors: including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification.

Employees who resign from state service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total contributions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

Active members are required to contribute at rates from 5-9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired after 1978 contribute an additional 2% of annual pay above \$30,000. The Plant is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 18 – PENSION PLAN (Continued):

Contributions (continued)

the member units based on the actuarial study. The actuarially determined Plant contribution is an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by the employees during the year, with an additional amount to finance the unfunded liability. The Plant's required contribution to the System for the years ended December 31, 2018 and 2017 were \$167,489 and \$189,754, respectively, which were paid during calendar year 2017 and 2016, respectively.

Pension Liabilities

At December 31, 2018 and 2017, the Lighting Plant reported a liability of \$2,699,151 and \$3,271,998, respectively for its proportionate share of the net pension liability. The 2018 and 2017 net pension liability was measured as of December 31, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating member units. At December 31, 2017 and 2016, the Town's proportion was 2.09% and 2.06%, respectively. The Plant's portion of the net pension liability was based on the percentage of the Plant's contributions to the total Town's contributions as of the measured date of December 31, 2017 and 2016. At the measured date of December 31, 2017 and 2016, the Plant's portion was 15.83% and 18.98%, respectively, of the Town's total contributions.

Pension Expense

For the years ended December 31, 2018 and 2017, the Plant recognized a pension expense of \$257,242 and \$392,206, respectively. At December 31, 2018 and 2017, the Plant reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources Related to Pension</u>	<u>2018</u>	<u>2017</u>
Differences between expected and actual experience	\$ 17,956	\$ 26,680
Changes of assumptions	257,221	387,022
Net difference between projected and actual earnings on pension plan investments	0	113,540
Changes in proportion and differences between employer contributions and Plant proportionate share	116,670	112,890
Plant contributions subsequent to the measurement date	<u>187,054</u>	<u>167,489</u>
Total	<u>\$ 578,901</u>	<u>\$ 807,621</u>
 <u>Deferred Inflows of Resources Related to Pension</u>	 <u>2018</u>	 <u>2017</u>
Net difference between projected and actual earnings on pension plan investments	\$ (84,160)	\$ 0
Changes in proportion and differences between employer contributions and Plant proportionate share	<u>(473,100)</u>	<u>(142,945)</u>
Total	<u>\$ (557,260)</u>	<u>\$ (142,945)</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017

NOTE 18 – PENSION PLAN (Continued):

Pension Expense (continued)

Of the total amount reported as deferred outflows of resources related to pension, \$187,054 resulting from Plant contributions paid 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the Plant’s pension expense as follows:

<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
Year Ended December 31:			Year Ended December 31:		
	2019	\$ 88,062		2019	\$ (130,641)
	2020	88,062		2020	(130,641)
	2021	87,271		2021	(130,641)
	2022	67,283		2022	(130,641)
	2023	<u>61,169</u>		2023	<u>(34,696)</u>
	Total	<u>\$ 391,847</u>		Total	<u>\$ (557,260)</u>

Actuarial Assumptions

The total pension liability as of December 31, 2018 and 2017 was determined by an actuarial valuation as of January 1, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	<p><i>Unfunded Actuarial Accrued Liability (UAL):</i> Increasing dollar amount at 4% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2035. The annual increase in appropriation is further limited to 9.95%.</p> <p><i>Early Retirement Incentive Programs (ERI) for 2002 and 2003:</i> Increasing dollar amount at 4.5% to reduce the unfunded Actuarial Accrued Liability attributable to ERI to zero on or before June 30, 2028.</p> <p><i>Early Retirement Incentive Program (ERI) for 2010:</i> Level dollar amount to reduce the Unfunded Actuarial Accrued Liability attributable to ERI to zero on or before June 30, 2022.</p>
Remaining Amortization Period	19 years, except for ERI for 2002 and 2003 (12 years) and 2010 (6 years)

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017

NOTE 18 – PENSION PLAN (Continued):

Actuarial Assumptions (continued)

Asset Valuation Method	The Actuarial Value of Assets is the market value of assets as of the valuation date reduced by the sum of: <ul style="list-style-type: none"> a. 80% of gains and losses of the prior year, b. 60% of gains and losses of the second prior year, c. 40% of gains and losses of the third prior year and d. 20% of gains and losses of the fourth prior year
Inflation Rate	3% per year
Projected Salary Increases	Group 1: 6%-4.25%, based on service Group 4: 7%-4.75%, based on service
Cost of Living Allowance	Cost-of Living Allowances (COLA) are assumed to be 3% of the pension amount, capped at \$480 per year.
Rates of Retirement	Varies based upon age for general employees, police and fire employees.
Mortality Rates:	
Healthy Retirees	RP-2000 Mortality Table (base year 2009) with full generational mortality improvement using Scale BB.
Disabled Retirees	RP-2000 Mortality Table (base year 2012) with full generational mortality improvement using Scale BB.
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation
Annuity Savings Fund Interest Rate	2.00% per year
Administrative Expenses	\$1,100,000 in 2016, increasing 4% per year

Investment Policy

The Plan’s asset allocation policies are established by Public Reserve Investment Trust (PRIT). Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major category 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 arithmetic real rates of return for each major asset class included in the pensions plan’s target asset allocation as of the measured date of December 31, 2017 are summarized in the table on the following page.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017

NOTE 18 – PENSION PLAN (Continued):

Investment Policy (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	40%	4.91%
Fixed Income	22%	2.04%
Private Equity	11%	6.50%
Real Estate	10%	3.70%
Timber/Natural Resources	4%	3.25%
Hedge Funds	13%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that member employer contributions will be made in accordance with Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
Proportionate share of the Net Pension Liability	\$ 3,289,684	\$ 2,699,151	\$ 2,200,441

Pension Plan Fiduciary Net Position

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

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND:

The Other Postemployment Benefits Liability Trust Fund was established by vote of the Board of Light Commissioners. The Board voted to accept the provisions of MGL Chapter 32B, Section 20 which establishes a separate Fund and a funding schedule for the Fund.

The schedule and any future updates shall be designed, consistent with standards issued by the Government Accounting Standards Boards, to reduce the unfunded actuarial liability of health care and other postemployment benefits to zero as of an actuarially acceptable period of years and to meet the normal cost of all future benefits for which the government unit is obligated. The Fund is held under the custodianship of the Treasurer of the Massachusetts Municipal Wholesale Electric Company (MMWEC). The balance in the Trust as of December 31, 2018 and 2017 was \$738,214 and \$770,305, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

The Trust implemented Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, which provides a definition of fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plant has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2018 and 2017.

- Mutual Funds:
Valued at closing price as reported on the active market on which the individual funds are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plant's management believes its valuations methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

The following sets forth, by level within the fair value hierarchy, the Plant’s investments at fair value at December 31, 2018 and 2017. As of December 31, 2018 and 2017, the Plant did not have any investments that were measured using Level 2 or Level 3 inputs.

	December 31, 2018 Quoted Prices in Active Markets for Identical Assets (All Level 1)	December 31, 2017 Quoted Prices in Active Markets for Identical Assets (All Level 1)
<u>FMV Investments:</u>		
Mutual Funds	\$ 697,893	\$ 731,379
<u>Other Securities:</u>		
Money Market	<u>40,321</u>	<u>38,926</u>
Total	<u>\$ 738,214</u>	<u>\$ 770,305</u>

As of December 31, 2018 and 2017, there were no investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represented 5% or more of total investments.

Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, provides an actuarial cost method and discount rate as well as disclosures and methodologies for reporting plan liabilities and OPEB expenses.

Plan Administration

The Town of West Boylston administers the retiree health care benefits program-a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees.

Plan Membership

At the measurement date of June 30, 2018, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	13
Active plan members	<u>8</u>
Total Number of Participants	<u><u>21</u></u>

Benefits provided

The Town provides health care and life insurance benefits for retirees and their dependents. Benefits are provided through Fallon Select, Fallon Direct, Fallon PPO, Fallon Companion Care, Fallon Community Health, Tufts Medicare HMO, and Altus Dental and the full cost of benefits is shared between the Town and retirees.

Contributions

The Town annually contributes an actuarially determined contribution based on the results of the most recent actuarial valuation.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

Investment Policy

The OPEB plan’s investment policy in regard to the allocation of invested assets is established by MMWEC and may be amended at any time. It is the policy of MMWEC to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of OPEB plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the OPEB plan investments to the ending fair value of OPEB plan investments.

Net OPEB Liability of the Plan

The components of the net OPEB liability, for the measured date of June 30, 2018 and 2017, were as follows:

	2018	2017
Total OPEB Liability	\$ 1,068,598	\$ 1,268,994
Fiduciary Net Position	(779,083)	(715,378)
Net OPEB Liability	\$ 289,515	\$ 553,616

Fiduciary net position as a percentage of the total OPEB liability was 72.91% and 56.37% as of June 30, 2018 and 2017, respectively.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following assumptions, applied to all periods included in the measurement:

Inflation	3%
Investment rate of return	7.5%, net of investment expenses
Healthcare cost trend rate	5% for 2018, decreasing .5% per year to an ultimate rate of 4.5% for 2019 and later years.
Pre-Retirement Mortality- All Groups	RP-2014 Blue Collar Mortality Table, with scale MP-2015, fully generational.
Post-Retirement Mortality- Group 1 and 2	RP-2014 Blue Collar Mortality Table, set forward 5 years for males and 3 years for females fully generational.
Group 4	RP-2014 Blue Collar Mortality Table, set forward 3 years for males and 6 years for females fully generational.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building – block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash and Cash Equivalents	5%	N/A
Equity	50%	N/A
Fixed Income	45%	N/A
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability for the Department calculated using the discount rate of 7.5%, as well as what the net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net OPEB Liability	\$ 411,141	\$ 289,515	\$ 187,004

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

The following presents the net OPEB liability calculated using current healthcare cost trend rates as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (4%) or 1-percentage point higher (6%) than the current healthcare cost trend rates:

	1% Decrease 4.5% Year 1 <u>Decreasing to 4%</u>	Current Healthcare Cost Trend Rates 5.5% Year 1 <u>Decreasing to 5%</u>	1% Increase 6.5% Year 1 <u>Decreasing to 6%</u>
Net OPEB Liability	\$ 177,809	\$ 289,515	\$ 424,126

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 20 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):

The Lighting Plant implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* for the year ended December 31, 2018. As required by GASB 75, the Lighting Plant has recorded the net OPEB obligation at the beginning of the transition year as determined by an actuarial study, and has applied the measurement recognition requirements of GASB 75 on a prospective basis.

Plan Description

The Town of West Boylston administers the retiree health care benefits program—a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees.

Plan Membership

At the measurement date of June 30, 2018, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	13
Active plan members	<u>8</u>
Total Number of Participants	<u><u>21</u></u>

Contributions

The Lighting Plant’s Actuarial Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities (or funding excess). The contribution requirements of plan members and the Lighting Plant are established and may be amended through Plant ordinances. For the year ending on and the measurement date of June 30, 2018, total premiums plus implicit costs for the retiree medical program were \$65,599.

OPEB Liabilities

At December 31, 2018 and 2017 the Lighting Plant reported a liability of \$289,515 and \$553,616, respectively, for its net OPEB liability. The 2018 and 2017 net OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2018.

OPEB Expense

For the year ended December 31, 2018, the Lighting Plant recognized OPEB revenue of \$14,347. At December 31, 2018 and 2017, the Lighting Plant reported deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Inflows of Resources Related to OPEB</u>	<u>2018</u>	<u>2017</u>
Differences between expected and actual experience	\$ 180,024	\$ 0
Net difference between projected and actual earnings on OPEB plan investments	<u>24,256</u>	<u>21,618</u>
Total	<u><u>\$ 204,280</u></u>	<u><u>\$ 21,618</u></u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017

NOTE 20 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

OPEB Expense (continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in the Lighting Plant’s OPEB expense as follows:

Deferred Inflows of Resources

Year Ended December 31:	
2019	\$ 68,646
2020	68,646
2021	64,976
2022	<u>2,012</u>
Total	<u>\$ 204,280</u>

GASB 75 requires the disclosure of actuarial assumptions, the discount rate, and sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. Refer to the previous note “Other Postemployment Benefit Trust Fund” for these disclosures.

NOTE 21 – MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY COOPERATIVE CORPORATION (COOPERATIVE):

The significant accounting policies of the Massachusetts Municipal Light Department Solar Energy Cooperative Corporation (Cooperative) are as follows:

Reporting Entity

The Cooperative is organized under Chapter 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by Massachusetts Municipal Wholesale Electric Company (MMWEC) and the West Boylston Municipal Lighting Plant (WBMLP) for the purpose of financing, owning, constructing and operating solar generation facilities located in the town of West Boylston, Massachusetts (West Boylston Facilities).

The powers of the Cooperative are exercised by the Board of Directors who has the right to conduct business and carry on operations. The Board of Directors is comprised of one director who represents MMWEC and two or more Directors who represent the WBMLP.

Nature of Operations

The Cooperative is a self-sustaining 369.6 kilowatt solar photovoltaic energy project, comprised of 1,760 solar panels installed at the intersection of Paul X. Tivnan Road and Shrewsbury Street in West Boylston, Massachusetts. The Cooperative provides both operational and financial value to the WBMLP by delivering clean, renewable electricity to its customers.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 21 – MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Regulation and Basis of Accounting

The financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Fair Value of Financial Instruments

The Cooperative's financial instruments consist of cash and cash equivalents, accounts payable and accrued expenses and debt instruments. The estimated fair values of these financial instruments approximate their carrying values at December 31, 2018 and 2017. The estimated fair values have been determined through information obtained from market sources and management estimates.

Depreciation

Property and equipment is stated at cost. Minor additions and renewals are expensed in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives using straight line method. Depreciation expense for 2018 and 2017 was \$74,784.

Reclassification

Certain prior year amounts have been reclassified to conform to the 2018 presentation.

Advances from West Boylston Municipal Lighting Plant

WBMLP has advanced amounts to the Cooperative in order to pay for development costs associated with the West Boylston Facilities that are in excess of the bond proceeds. The advances are classified as long term as repayment is not anticipated within the current year. There are no specific repayment terms. As of December 31, 2018 and 2017, the total advances to the Cooperative were \$815,564.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prepaid Insurance

Prepaid insurance represents insurance premiums paid in the current fiscal year benefiting future periods.

Amounts Recoverable/Payable in the Future

The difference between revenues received and expenses paid are charged to the amounts recoverable/payable in the future account which is reflected as either a deferred inflow or outflow of resources in the accompanying statements of net position. Such amounts will be recovered or settled through future billings.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
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NOTE 21 – MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Revenues and Expenses

The Cooperative distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the utility's principal ongoing operations. The principal operating revenues of the Cooperative will be the contract charges to the WBMLP and the Solar Renewal Energy Credits issued for the electricity generated from the solar electric system. Operating expenses for the Cooperative currently include insurance, services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Taxes

The Cooperative is exempt from federal income taxes.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Cooperative considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Custodial Credit Risk

In the event of a bank failure, the Cooperative's deposits may not be returned. The Cooperative's funds on deposit with financial institutions are subject to the insurance coverage limits by the Federal Deposit Insurance Corporation (FDIC) and the Deposit Insurance Fund of Massachusetts (DIF).

Related Parties:

On behalf of the Cooperative, MMWEC records and accounts for bills received and paid. MMWEC is accounting for monthly contract charges rendered and payments received from the WBMLP.

The Cooperative entered into an agency contract with MMWEC on October 22, 2008, under which MMWEC is serving as the Cooperative's agent in all matters with respect to financing the construction, purchase, ownership, lease or other acquisition by the Cooperative of the West Boylston Facilities or energy generated from other facilities and other property or interest therein.

The Cooperative entered into a service contract with MMWEC on June 29, 2010, under which MMWEC is serving as the Cooperative's agent to provide financing, administrative and other services relating to the West Boylston Facilities.

Under both the agency and service contract, MMWEC is to serve as the Cooperative's representative in the New England Power Pool (NEPOOL) and in matters relating to ISO New England, Inc. (ISO-NE) in connection with the West Boylston Facilities, the purchase and sale of energy there or from other facilities and other property or interests therein.

During the years ended December 31, 2018 and 2017, the Cooperative incurred charges of \$8,868 and \$7,678, respectively, for services provided by or paid by MMWEC on behalf of the Cooperative. As of December 31, 2018 and 2017, the Cooperative had an outstanding balance due to MMWEC of \$285 and \$479, respectively.

WBMLP made advances to the Cooperative to fund project costs. As of December 31, 2018 and 2017, the Cooperative has an outstanding balance due to WBMLP of \$815,564.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 21 – MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Related Parties (continued):

The Cooperative entered into a lease agreement with the WBMLP and is required to make annual rental payments under the agreement.

Debt:

In June 2010, the Cooperative obtained a Clean Renewable Energy Bond (CREB) in the amount of \$1,167,367 to provide term financing for the installation and operation of the West Boylston Facilities. The CREB has a payment term of up to sixteen years but not greater than the maximum term for a clean renewable energy bond as determined by the U.S. Treasury Department. Principal payments are due in equal installments of \$68,669 commencing on December 30, 2010 and then on December 30 of each year thereafter. All principal and accrued interest thereon shall be due and payable on demand on June 29, 2026. Interest on the CREB is fixed at 2% and is payable in semi-annual installments on June 30 and December 30 of each year. Interest expense for 2018 and 2017 was \$12,528 and \$13,924, respectively. The CREB is collateralized by the equipment and the purchase power agreement (PPA) with the West Boylston Municipal Lighting Plant. As of December 31, 2018 and 2017, the outstanding CREB balance was \$549,349 and \$618,018, respectively.

The following is a summary of total debt service requirements for the CREB outstanding:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For Years Ending December 31,	2019	\$ 68,669	\$ 11,139	\$ 79,808
	2020	68,669	9,774	78,443
	2021	68,669	8,355	77,024
	2022	68,669	6,962	75,631
	2023	68,669	5,570	74,239
	2024-2026	<u>206,004</u>	<u>7,664</u>	<u>213,668</u>
Total		<u>\$ 549,349</u>	<u>\$ 49,464</u>	<u>\$ 598,813</u>

Commitments and Contingencies:

Lease Agreement

The Cooperative entered into a 20 year lease agreement on June 29, 2010 with the WBMLP. Under the lease agreement, the Cooperative may finance, purchase, acquire, own, hold, install and maintain, or cause to be installed and maintained, a ground-mounted photovoltaic installation for the production of solar energy on the West Boylston Facilities. This lease agreement requires monthly lease payments of \$1 each month for the term of the lease.

NOTE 22 – CONTINGENCIES AND LIABILITIES:

Legal and Environmental Matters

The Lighting Plant is subject, like other electric utilities, to evolving standards administered by federal, state and local authorities relating to the quality of the environment. These standards affect the citing of electric property, ambient air and water quality, plant safety and other environmental factors. These standards have had an impact on the Lighting Plant's operations in the past and they will continue to have an impact on future operations, capital costs and construction.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 22 – CONTINGENCIES AND LIABILITIES (Continued):

Berkshire Wind Cooperative Corporation Contingencies and Liabilities

The West Boylston Municipal Light Plant (Plant), is a Member of the Berkshire Wind Cooperative Corporation (Cooperative).

The Cooperative is organized under Chapters 157 and 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by Massachusetts Municipal Wholesale Electric Company (MMWEC) and 14 Municipal Light Departments (Members) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility).

The Cooperative provides wind energy to MMWEC pursuant to the Berkshire Wind Power Purchase Agreement dated May 21, 2008 between MMWEC and the Cooperative. Under this agreement, MMWEC entered into a Power Sales Contract with the Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility to be owned, constructed and operated by the Cooperative at the Berkshire Wind Facility.

MMWEC sells all of the capability of the Berkshire Wind Facility (Capability) to the Members of the Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Cooperative Member to pay its *pro rata* share of the costs related to the Berkshire Wind Facility, which costs include debt service on the bonds issued by the Cooperative to finance the Berkshire Wind Facility, plus 10% of the debt service to be paid into a Reserve and Contingency Fund. In addition, should a Cooperative Member fail to make any payment when due, other Cooperative Members may be required to increase (step-up) their payments and correspondingly their share of the Capability to an additional amount.

The Cooperative has issued revenue bonds, which are payable solely from, and secured solely by, the revenues derived from the Berkshire Wind Facility. The revenues are used solely to provide for the payment of any bond issue relating to the Berkshire Wind Facility and to pay the Cooperative's cost of owning and operating the Berkshire Wind Facility.

The West Boylston Municipal Light Plant has entered into a PPA with the Berkshire Wind Cooperative Corporation. Under the PPA, the Plant is required to make certain payments to the Cooperative. Under the PPA, each Participant is unconditionally obligated to make all payments due to the Berkshire Wind Cooperative Corporation, whether or not the Berkshire Wind Facility is completed or operating, and notwithstanding the suspension or interruption of the output of the Berkshire Wind Facility. In addition, under the PPA, the Plant is required to pay to the Cooperative its share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility.

As of December 31, 2018, total capital expenditures for the Berkshire Wind Facility amounted to \$64,863,000, of which \$3,486,000, presents the amount associated with the Plant share of the Capability of the Berkshire Wind Facility of which it is a Member, although such amount is not allocated to the Plant. The Cooperative's debt outstanding for the Berkshire Wind Facility includes bonds totaling \$54,955,000, of which \$2,945,000 is associated with the Plant share of Capability of the Berkshire Wind Facility of which it is a Member, although such amount is not allocated to the Plant. As of December 31, 2018, the Cooperative's total future debt service requirement on outstanding bonds issued for the Projects is \$73,317,000, of which \$3,932,000 is anticipated to be billed to the Plant in the future.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 22 – CONTINGENCIES AND LIABILITIES (Continued):

Berkshire Wind Cooperative Corporation Contingencies and Liabilities (continued):

The estimated aggregate amount of the West Boylston Municipal Light Plant required payments under the PSA, exclusive of the Reserve and Contingency Fund billings, to the Cooperative at December 31, 2018 and estimated for future years is shown in the table below.

	<u>ANNUAL COSTS</u>	
For the years ended December 31,	2019	\$ 297,000
	2020	301,000
	2021	301,000
	2022	301,000
	2023	301,000
	2024 to 2028	1,500,000
	2029 to 2033	931,000
	TOTAL	\$ 3,932,000

Other Power Supply

The Lighting Plant has entered into a Service Agreement with MMWEC, under which MMWEC performs bulk power supply services to the Lighting Plant, including services related to owned generation, purchased power contracts or other power supply arrangements.

Under the terms of the Service Agreement, the Lighting Plant is committed to purchase additional power through MMWEC in the amount of \$488,884 in 2019, \$250,283 in 2020, \$241,667 in 2021, \$167,255 in 2022, \$139,500 in 2023 and \$58,125 in 2024.

MMWEC Contingencies and Liabilities

Through membership in MMWEC, the Lighting Plant is contingently liable on various projects, which it participates as detailed as to follow.

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which the bonds relate, plus available funds pledged under MMWEC’s Amended and Restated General Bond Resolution (GBR) with respect to the bonds of that Project. The MMWEC revenues derived from each Project are used solely to provide for the payment of the bonds of any bond issue relating to such Project and to pay MMWEC’s cost of owning and operating such Project and are not used to provide for the payment of the bonds of any bond issue relating to any other Project.

MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC, a subsidiary of NextEra Energy Resources LLC, and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. (DNCI), the majority owner and an indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates the Millstone Unit 2 nuclear unit. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 22 – CONTINGENCIES AND LIABILITIES (Continued):

MMWEC Contingencies and Liabilities (continued):

A substantial portion of MMWEC's plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC (NextEra Seabrook) the majority owner and an indirect subsidiary of NextEra Energy Resources LLC. The operating license for Seabrook Station extends to March 15, 2030. NextEra Seabrook has submitted an application to extend the Seabrook Station operating license for an additional 20 years.

Pursuant to the PSAs, the MMWEC Seabrook and Millstone Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also, the Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

As of December 31, 2018, total capital expenditures amounted to \$1,652,338,000, of which \$24,566,000 represents the amount associated with the Plant's Project Capability. MMWEC's debt outstanding for the Projects from Power Supply System Revenue Bonds totals \$7,110,000, of which \$54,000 is associated with the Plant's share of Project Capability. As of December 31, 2018, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$7,419,000, of which \$56,000 is anticipated to be billed to the Plant in the future.

The aggregate amount of West Boylston Municipal Lighting Plant's required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to MMWEC at December 31, 2018 was \$56,000 for the year ending December 31, 2019.

In addition, under the PSAs, the Plant is required to pay to MMWEC its share of the Operation and Maintenance (O&M) costs of the Projects in which it participates. The Plant's total O&M costs including debt service under the PSAs were \$1,358,000 and \$1,515,000 for the years ended December 31, 2018 and 2017, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(\$000)

PROJECTS	PERCENTAGE SHARE	TOTAL PROJECT EXPENDITURES TO DATE	PARTICIPANT'S SHARE	DEBT ISSUED & OUTSTANDING 12/31/2018	PARTICIPANT'S SHARE	TOTAL DEBT SERVICE ON BONDS OUTSTANDING	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3041	\$ 59,845	\$ 1,379	\$ 0	\$ 0	\$ 0	\$ 0
Stony Brook Intermediate Project	1.4135	175,809	2,485	0	0	0	0
Nuclear Mix No. 1-SBK	1.3587	11,881	161	0	0	0	0
Nuclear Mix No. 1-MLS	1.3587	124,683	1,694	0	0	0	0
Nuclear Project No. 3-MLS	1.7956	155,029	2,784	0	0	0	0
Nuclear Project No. 4-SBK	2.9080	356,087	10,355	0	0	0	0
Nuclear Project No. 5-SBK	0.7204	96,443	695	0	0	0	0
Wyman Project	-	8,792	0	0	0	0	0
Project No. 6-SBK	0.7552	663,769	5,013	7,110	54	7,419	56
TOTAL		<u>\$ 1,652,338</u>	<u>\$ 24,566</u>	<u>\$ 7,110</u>	<u>\$ 54</u>	<u>\$ 7,419</u>	<u>\$ 56</u>

PROJECTS	PERCENTAGE SHARE	OPERATION & MAINTENANCE 12/31/2017	PARTICIPANT'S SHARE	OPERATION & MAINTENANCE 12/31/2018	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3041	\$ 4,487	\$ 103	\$ 4,644	\$ 107
Stony Brook Intermediate Project	1.4135	16,662	236	19,982	282
Nuclear Mix No. 1-SBK	1.3587	686	9	635	9
Nuclear Mix No. 1-MLS	1.3587	6,532	89	6,661	91
Nuclear Project No. 3-MLS	1.7956	15,756	283	13,664	245
Nuclear Project No. 4-SBK	2.9080	16,344	475	14,276	415
Nuclear Project No. 5-SBK	0.7204	4,704	34	3,672	26
Wyman Project	0.0000	976	0	1,093	0
Project No. 6-SBK	0.7552	37,834	286	24,196	183
TOTAL		<u>\$ 103,981</u>	<u>\$ 1,515</u>	<u>\$ 88,823</u>	<u>\$ 1,358</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017
 (\$000)

PROJECTS	PERCENTAGE SHARE	2019 ANNUAL COST	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3041	\$ 0	\$ 0
Stony Brook Intermediate Project	1.0000	0	0
Nuclear Mix No. 1-SBK	1.0000	0	0
Nuclear Mix No. 1-MLS	1.0000	0	0
Nuclear Project No. 3-MLS	2.0000	0	0
Nuclear Project No. 4-SBK	3.0000	0	0
Nuclear Project No. 5-SBK	1.0000	0	0
Wyman Project	0.0000	0	0
Project No. 6-SBK	1.0000	7,419	56
TOTAL		\$ 7,419	\$ 56

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 REQUIRED SUPPLEMENTARY INFORMATION
 NET PENSION LIABILITY

OPERATING FUND

For the Year Ending December 31,	2018	2017	2016	2015
Actuarial Valuation Date	1/1/2016	1/1/2016	1/1/2014	1/1/2014
Measurement Date	12/31/2017	12/31/2016	12/31/2015	12/31/2014

Schedule of the Department's Proportionate Share of the Net Pension Liability (NPL):

Department's Portion of the NPL	0.3310%	0.3320%	0.3856%	0.4001%
Department's Proportionate Share of the NPL	\$ 2,699,151	\$ 3,271,998	\$ 2,737,718	\$ 2,380,599
Department's Total Employee Payroll	\$ 822,921	\$ 822,437	\$ 782,817	\$ 780,072
NPL as a Percentage of Total Employee Payroll	328.00%	397.84%	349.73%	305.18%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	46.40%	42.00%	44.52%	47.94%

Schedule of Contributions:

Actuarially Determined Contributions	\$ 167,489	\$ 189,754	\$ 173,511	\$ 158,098
Contributions in Relation to the Actuarially Determined Contribution	167,489	189,754	173,511	158,098
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Department's Total Employee Payroll	\$ 822,921	\$ 822,437	\$ 782,817	\$ 780,072
Contributions as a Percentage of the Department's Total Employee Payroll	20.35%	23.07%	22.16%	20.27%

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

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY

OPERATING FUND & OPEB TRUST FUND

	2018	2017 (As Revised)
Total OPEB Liability:		
Service Cost	\$ 12,744	\$ 16,317
Interest	93,715	91,592
Changes of Benefit Terms	-	-
Differences between Expected and Actual Experience	(241,256)	-
Changes of Assumptions	-	-
Benefit Payments	(65,599)	(86,095)
Net Change in Total OPEB Liability	(200,396)	21,814
Total OPEB Liability - Beginning	1,268,994	1,247,180
Total OPEB Liability - Ending	\$ 1,068,598	\$ 1,268,994
Plan Fiduciary Net Position:		
Contributions-Employer	\$ 62,755	\$ 81,222
Net Investment Income	63,705	75,047
Benefit Payments	(61,262)	(79,889)
Administrative Expenses	(1,493)	(1,333)
Other	-	-
Net Change in Plan Fiduciary Net Position	63,705	75,047
Plan Fiduciary Net Position - Beginning	715,378	640,331
Plan Fiduciary Net Position - Ending	\$ 779,083	\$ 715,378
Net OPEB Liability - Ending	\$ 289,515	\$ 553,616

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

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF NET OPEB LIABILITY, EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS

OPERATING FUND & OPEB TRUST FUND

	<u>2018</u>	<u>2017</u> (As Revised)
Schedules of Net OPEB Liability:		
Total OPEB Liability	\$ 1,068,598	\$ 1,268,994
Plan Fiduciary Net Position	<u>779,083</u>	<u>715,378</u>
Net OPEB Liability	<u><u>\$ 289,515</u></u>	<u><u>\$ 553,616</u></u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	72.91%	56.37%
Covered Payroll	\$ 822,921	\$ 822,437
Net OPEB Liability as a Percentage of Covered Payroll	35.18%	67.31%
Schedules of Employer Contributions:		
Actuarially Determined Contributions	\$ 62,755	\$ 81,222
Contributions in relation to the actuarially determined contribution	<u>(67,092)</u>	<u>(87,428)</u>
Contribution Deficiency (Excess)	<u><u>\$ (4,337)</u></u>	<u><u>\$ (6,206)</u></u>
Covered Payroll	\$ 822,921	\$ 822,437
Contributions as a percentage of covered payroll	8.15%	10.63%
Schedules of Investment Returns:		
Annual Money-Weighted rate of Return, net of investment expenses	-4.38%	14.66%

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

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018 AND 2017

OPERATING FUND AND OPEB TRUST FUND

NOTE A – OTHER POSTEMPLOYMENT BENEFITS

Changes in Assumptions

GASB 75 required a change in the actuarial cost method from Projected Unit Cost to Entry Age Normal.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2017

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2018</u>			<u>2017</u> <u>(As Revised)</u>				
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
CURRENT ASSETS:								
Funds on Deposit with Town Treasurer								
Operating Cash	\$ 4,739,245	\$ 64,345	\$ 0	\$ 4,803,590	\$ 4,927,612	\$ 66,606	\$ 0	\$ 4,994,218
Petty Cash	1,800	0	0	1,800	1,800	0	0	1,800
Customer Accounts Receivable, Net	116,026	0	0	116,026	182,568	0	0	182,568
Accounts Receivable - Other	481,126	73,786	(73,786)	481,126	559,473	83,173	(83,173)	559,473
Interest Receivable	11,784	0	0	11,784	8,499	0	0	8,499
Unbilled Revenue	714,068	0	0	714,068	743,698	0	0	743,698
Materials and Supplies	370,418	0	0	370,418	341,268	0	0	341,268
Prepaid Expenses	23,692	0	0	23,692	17,594	4,542	0	22,136
Prepaid Purchased Power	30,470	0	0	30,470	15,442	0	0	15,442
Purchased Power Working Capital	977,615	0	0	977,615	971,802	0	0	971,802
TOTAL CURRENT ASSETS	<u>7,466,244</u>	<u>138,131</u>	<u>(73,786)</u>	<u>7,530,589</u>	<u>7,769,756</u>	<u>154,321</u>	<u>(83,173)</u>	<u>7,840,904</u>
NONCURRENT ASSETS:								
Funds on Deposit with Town Treasurer								
Customer Deposits	156,571	0	0	156,571	149,537	0	0	149,537
Depreciation Fund	2,564,775	0	0	2,564,775	2,036,142	0	0	2,036,142
Funds on Deposit with MMWEC								
Pooled Financing	547,289	0	0	547,289	510,670	0	0	510,670
Investments	14,718	0	0	14,718	14,718	0	0	14,718
Advances to MMLD Solar Energy Cooperative Corporation	815,564	0	(815,564)	0	815,564	0	(815,564)	0
Preliminary Surveys	187,168	0	0	187,168	0	0	0	0
Rate Stabilization Fund	4,088,276	0	0	4,088,276	3,628,784	0	0	3,628,784
Utility Plant Assets, Net	8,981,087	1,260,055	0	10,241,142	8,931,048	1,334,839	0	10,265,887
TOTAL NONCURRENT ASSETS	<u>17,355,448</u>	<u>1,260,055</u>	<u>(815,564)</u>	<u>17,799,939</u>	<u>16,086,463</u>	<u>1,334,839</u>	<u>(815,564)</u>	<u>16,605,738</u>
TOTAL ASSETS	<u>24,821,692</u>	<u>1,398,186</u>	<u>(889,350)</u>	<u>25,330,528</u>	<u>23,856,219</u>	<u>1,489,160</u>	<u>(898,737)</u>	<u>24,446,642</u>
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred Outflows of Resources Related to Pensions	578,901	0	0	578,901	807,621	0	0	807,621
Amounts Recoverable in the Future	0	76,084	(76,084)	0	0	69,969	(69,969)	0
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>578,901</u>	<u>76,084</u>	<u>(76,084)</u>	<u>578,901</u>	<u>807,621</u>	<u>69,969</u>	<u>(69,969)</u>	<u>807,621</u>
NET ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 25,400,593</u>	<u>\$ 1,474,270</u>	<u>\$ (965,434)</u>	<u>\$ 25,909,429</u>	<u>\$ 24,663,840</u>	<u>\$ 1,559,129</u>	<u>\$ (968,706)</u>	<u>\$ 25,254,263</u>

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2017

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2018</u>				<u>2017</u> <u>(As Revised)</u>			
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
CURRENT LIABILITIES:								
Accounts Payable	\$ 753,511	\$ 285	\$ 0	\$ 753,796	\$ 674,445	\$ 479	\$ 532	\$ 675,456
Accrued Expenses	33,843	0	0	33,843	114,045	0	0	114,045
Pooled Financing Loan	312,007	0	0	312,007	312,007	0	0	312,007
Bond Payable	136,898	68,669	0	205,567	136,898	68,669	0	205,567
TOTAL CURRENT LIABILITIES	<u>1,236,259</u>	<u>68,954</u>	<u>0</u>	<u>1,305,213</u>	<u>1,237,395</u>	<u>69,148</u>	<u>532</u>	<u>1,307,075</u>
NONCURRENT LIABILITIES:								
Customer Deposits	156,571	0	0	156,571	149,537	0	0	149,537
Net Pension Liability	2,699,151	0	0	2,699,151	3,271,998	0	0	3,271,998
Other Post Employment Benefit Obligation	289,515	0	0	289,515	553,616	0	0	553,616
Pooled Financing Loan, Net of Current Portion	3,796,085	0	0	3,796,085	4,108,092	0	0	4,108,092
Bond Payable, Net of Current Portion	1,069,251	480,680	0	1,549,931	1,206,149	549,349	0	1,755,498
Advances from West Boylston Municipal Lighting Plant	0	815,564	(815,564)	0	0	815,564	(815,564)	0
TOTAL NONCURRENT LIABILITIES	<u>8,010,573</u>	<u>1,296,244</u>	<u>(815,564)</u>	<u>8,491,253</u>	<u>9,289,392</u>	<u>1,364,913</u>	<u>(815,564)</u>	<u>9,838,741</u>
TOTAL LIABILITIES	<u>9,246,832</u>	<u>1,365,198</u>	<u>(815,564)</u>	<u>9,796,466</u>	<u>10,526,787</u>	<u>1,434,061</u>	<u>(815,032)</u>	<u>11,145,816</u>
DEFERRED INFLOWS OF RESOURCES:								
Deferred Inflows of Pensions	557,260	0	0	557,260	142,945	0	0	142,945
Deferred Inflows of OPEB	204,280	0	0	204,280	21,618	0	0	21,618
Billings in Excess of Costs to Participants	0	109,072	(109,072)	0	0	125,068	(125,068)	0
Amounts Recoverable/Payable in the Future	76,084	0	(76,084)	0	69,968	0	(69,968)	0
Purchase Power Adjustment	0	0	0	0	103,729	0	0	103,729
Reserve for Rate Stabilization	4,088,276	0	0	4,088,276	4,169,553	0	0	4,169,553
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,925,900</u>	<u>109,072</u>	<u>(185,156)</u>	<u>4,849,816</u>	<u>4,507,813</u>	<u>125,068</u>	<u>(195,036)</u>	<u>4,437,845</u>
NET POSITION:								
Net Investment in Capital Assets	3,666,846	710,706	0	4,377,552	3,167,902	716,821	0	3,884,723
Net Position Restricted for Depreciation	2,564,775	0	0	2,564,775	2,036,142	0	0	2,036,142
Unrestricted Net Position	4,996,240	(710,706)	35,286	4,320,820	4,425,196	(716,821)	41,362	3,749,737
TOTAL NET POSITION	<u>11,227,861</u>	<u>0</u>	<u>35,286</u>	<u>11,263,147</u>	<u>9,629,240</u>	<u>0</u>	<u>41,362</u>	<u>9,670,602</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 25,400,593</u>	<u>\$ 1,474,270</u>	<u>\$ (965,434)</u>	<u>\$ 25,909,429</u>	<u>\$ 24,663,840</u>	<u>\$ 1,559,129</u>	<u>\$ (968,706)</u>	<u>\$ 25,254,263</u>

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OPERATING FUND

	<u>2018</u>			<u>2017</u> <u>(As Revised)</u>				
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
OPERATING REVENUES:								
Sales of Electricity	\$ 8,121,402	\$ 0	\$ 0	\$ 8,121,402	\$ 8,494,759	\$ 0	\$ 0	\$ 8,494,759
Other Operating Revenues	56,554	111,032	(111,032)	56,554	199,181	110,859	(110,859)	199,181
TOTAL OPERATING REVENUES	8,177,956	111,032	(111,032)	8,177,956	8,693,940	110,859	(110,859)	8,693,940
OPERATING EXPENSES:								
Operations and Maintenance	5,932,839	29,835	(111,071)	5,851,603	5,904,344	28,266	(117,317)	5,815,293
Depreciation	489,364	74,784	0	564,148	807,578	74,784	0	882,362
TOTAL OPERATING EXPENSES	6,422,203	104,619	(111,071)	6,415,751	6,711,922	103,050	(117,317)	6,697,655
OPERATING INCOME	1,755,753	6,413	39	1,762,205	1,982,018	7,809	6,458	1,996,285
NONOPERATING REVENUES (EXPENSES):								
Grant Income	0	0	0	0	67,328	0	0	67,328
Investment Income	12,264	0	0	12,264	329,454	0	0	329,454
Interest Expense	(171,294)	(12,528)	0	(183,822)	(179,940)	(13,924)	0	(193,864)
Pooled Financing Issuance Costs	0	0	0	0	(27,817)	0	0	(27,817)
Amortization of Bond Premium	1,898	0	0	1,898	1,898	0	0	1,898
Amounts Recoverable/Payable in the Future	0	6,115	(6,115)	0	0	6,115	(6,115)	0
TOTAL NONOPERATING REVENUES (EXPENSES)	(157,132)	(6,413)	(6,115)	(169,660)	190,923	(7,809)	(6,115)	176,999
Income Before Contributions and Transfers	1,598,621	0	(6,076)	1,592,545	2,172,941	0	343	2,173,284
NET POSITION - JANUARY 1	9,629,240	0	41,362	9,670,602	7,960,592	0	41,019	8,001,611
Implementation of GASB 75	0	0	0	0	(504,293)	0	0	(504,293)
NET POSITION - DECEMBER 31	\$ 11,227,861	\$ 0	\$ 35,286	\$ 11,263,147	\$ 9,629,240	\$ 0	\$ 41,362	\$ 9,670,602

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OPERATING FUND

	<u>2018</u>				<u>2017</u> <u>(As Revised)</u>			
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash Received from Customers	\$ 8,251,532	\$ 101,599	\$ 0	8,353,131	\$ 8,702,950	\$ 103,290	\$ 0	\$ 8,806,240
Other Operating Cash Receipts - Solar Renewable Energy Credits	0	159,723	0	159,723	0	185,096	0	185,096
Cash Paid to Participant - Solar Renewable Energy Credits	0	(159,723)	159,723	0	0	(185,096)	185,096	0
Cash Paid to Suppliers	(5,057,472)	(22,663)	(159,723)	(5,239,858)	(5,194,012)	(24,027)	(185,096)	(5,403,135)
Cash Paid to Employees	(822,921)	0	0	(822,921)	(822,437)	0	0	(822,437)
Cash Paid for Benefits	(396,330)	0	0	(396,330)	(576,599)	0	0	(576,599)
Net Cash Provided by Operating Activities	<u>1,974,809</u>	<u>78,936</u>	<u>0</u>	<u>2,053,745</u>	<u>2,109,902</u>	<u>79,263</u>	<u>0</u>	<u>2,189,165</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Interest Expense	<u>(275)</u>	<u>0</u>	<u>0</u>	<u>(275)</u>	<u>(272)</u>	<u>0</u>	<u>0</u>	<u>(272)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Grant Income	0	0	0	0	67,328	0	0	67,328
Additions to Plant Assets	(539,403)	0	0	(539,403)	(467,655)	0	0	(467,655)
Repayments on Long Term Debt	(447,007)	(68,669)	0	(515,676)	(322,313)	(68,669)	0	(390,982)
Net Transfers to Depreciation Fund	(489,364)	0	0	(489,364)	(484,547)	0	0	(484,547)
Transfers to Pooled Financing Reserve Fund	(36,619)	0	0	(36,619)	(38,504)	0	0	(38,504)
Interest Expense	(147,880)	(12,528)	0	(160,408)	(155,233)	(13,924)	0	(169,157)
Net Cash Used in Capital Financing Activities	<u>(1,660,273)</u>	<u>(81,197)</u>	<u>0</u>	<u>(1,741,470)</u>	<u>(1,400,924)</u>	<u>(82,593)</u>	<u>0</u>	<u>(1,483,517)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Investment Income	45,176	0	0	45,176	35,851	0	0	35,851
Transfers to Rate Stabilization Reserve	(540,769)	0	0	(540,769)	0	0	0	0
Purchase of Investments	(300,000)	0	0	(300,000)	(749,920)	0	0	(749,920)
Proceeds from Sales and Maturities of Investments	877,000	0	0	877,000	700,000	0	0	700,000
Net Cash Provided (Used) in Investing Activities	<u>81,407</u>	<u>0</u>	<u>0</u>	<u>81,407</u>	<u>(14,069)</u>	<u>0</u>	<u>0</u>	<u>(14,069)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	395,668	(2,261)	0	393,407	694,637	(3,330)	0	691,307
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>2,783,949</u>	<u>66,606</u>	<u>0</u>	<u>2,850,555</u>	<u>2,089,312</u>	<u>69,936</u>	<u>0</u>	<u>2,159,248</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 3,179,617</u>	<u>\$ 64,345</u>	<u>\$ 0</u>	<u>\$ 3,243,962</u>	<u>\$ 2,783,949</u>	<u>\$ 66,606</u>	<u>\$ 0</u>	<u>\$ 2,850,555</u>

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OPERATING FUND

	<u>2018</u>				<u>2017</u> <u>(As Revised)</u>			
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:								
Operating Income	\$ 1,755,753	\$ 6,413	\$ 39	\$ 1,762,205	\$ 1,982,018	\$ 7,809	\$ 6,458	\$ 1,996,285
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:								
Depreciation	489,364	74,784	0	564,148	807,578	74,784	0	882,362
Rate Stabilization Reserve	(81,278)	0	0	(81,278)	265,900	0	0	265,900
Changes in Assets and Liabilities: (Increase) Decrease in:								
Accounts Receivable - Customers	66,542	9,387	(9,387)	66,542	(1,677)	22,873	(22,873)	(1,677)
Accounts Receivable - Other	78,347	0	0	78,347	(325,589)	0	0	(325,589)
Deferred Outflows of Resources Related to Pensions	228,720	0	0	228,720	(283,312)	0	0	(283,312)
Unbilled Revenue	29,630	0	0	29,630	(39,770)	0	0	(39,770)
Materials and Supplies	(29,150)	0	0	(29,150)	(71,295)	0	0	(71,295)
Prepaid Expenses	(6,098)	4,542	0	(1,556)	(3,390)	0	0	(3,390)
Prepaid Purchased Power	(15,028)	0	0	(15,028)	69,937	0	0	69,937
Preliminary Surveys	(187,168)	0	0	(187,168)	0	0	0	0
Increase (Decrease) in:								
Accounts Payable	55,928	(194)	(533)	55,201	82,351	(3,214)	(459)	78,678
Accrued Expenses	(80,202)	0	0	(80,202)	(148,275)	0	0	(148,275)
Customer Deposits	7,034	0	0	7,034	10,687	0	0	10,687
Net Pension Liability	(572,847)	0	0	(572,847)	534,280	0	0	534,280
Other Post Employment Benefits Obligation	(264,101)	0	0	(264,101)	(19,288)	0	0	(19,288)
Deferred Inflows of Resources Related to Pensions	414,315	0	0	414,315	(26,251)	0	0	(26,251)
Deferred Inflows of Resources Related to OPEB	182,662	0	0	182,662	0	0	0	0
Billings in Excess of Costs to Participants	0	(15,996)	15,996	0	0	(22,989)	22,989	0
Amounts Recoverable/Payable in the Future	6,115	0	(6,115)	0	6,115	0	(6,115)	0
Miscellaneous Deferred Liabilities	(103,729)	0	0	(103,729)	(730,117)	0	0	(730,117)
Net Cash Provided by Operating Activities	<u>\$ 1,974,809</u>	<u>\$ 78,936</u>	<u>\$ 0</u>	<u>\$ 2,053,745</u>	<u>\$ 2,109,902</u>	<u>\$ 79,263</u>	<u>\$ 0</u>	<u>\$ 2,189,165</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

The following amounts are considered to be cash or cash equivalents for the statements of cash flows:

Petty Cash	\$ 1,800	\$ 0	\$ 0	\$ 1,800	\$ 1,800	\$ 0	\$ 0	\$ 1,800
Operating Cash	2,404,678	64,345	0	2,469,023	2,628,115	66,606	0	2,694,721
Operating Money Market	616,568	0	0	616,568	4,497	0	0	4,497
Customer Deposits Cash	156,571	0	0	156,571	149,537	0	0	149,537
	<u>\$ 3,179,617</u>	<u>\$ 64,345</u>	<u>\$ 0</u>	<u>\$ 3,243,962</u>	<u>\$ 2,783,949</u>	<u>\$ 66,606</u>	<u>\$ 0</u>	<u>\$ 2,850,555</u>

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF ELECTRIC UTILITY PLANT IN SERVICE
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OPERATING FUND

	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018	Balance January 1, 2017	Increases	Decreases	Balance December 31, 2017
Capital Assets Not Being Depreciated:								
Land	\$ 666,428	\$ 0	\$ 0	\$ 666,428	\$ 666,428	\$ 0	\$ 0	\$ 666,428
Construction in Progress	36,026	247,198	0	283,224	6,592	29,434	0	36,026
Capital Assets Not Being Depreciated	<u>702,454</u>	<u>247,198</u>	<u>0</u>	<u>949,652</u>	<u>673,020</u>	<u>29,434</u>	<u>0</u>	<u>702,454</u>
Capital Assets Being Depreciated:								
Distribution Plant	9,460,790	292,205	(37,434)	9,715,561	9,298,785	390,226	(228,221)	9,460,790
General Plant	2,510,816	0	0	2,510,816	2,508,111	47,995	(45,290)	2,510,816
Generation Plant	6,245,604	0	0	6,245,604	6,249,759	0	(4,155)	6,245,604
Total	<u>18,217,210</u>	<u>292,205</u>	<u>(37,434)</u>	<u>18,471,981</u>	<u>18,056,655</u>	<u>438,221</u>	<u>(277,666)</u>	<u>18,217,210</u>
Less Accumulated Depreciation For:								
Distribution Plant	(6,051,044)	(260,243)	37,434	(6,273,853)	(5,816,096)	(463,169)	228,221	(6,051,044)
General Plant	(1,848,927)	(75,322)	0	(1,924,249)	(1,768,814)	(125,403)	45,290	(1,848,927)
Generation Plant	(753,806)	(228,583)	0	(982,389)	(460,016)	(293,790)	0	(753,806)
Total Accumulated Depreciation	<u>(8,653,777)</u>	<u>(564,148)</u>	<u>37,434</u>	<u>(9,180,491)</u>	<u>(8,044,926)</u>	<u>(882,362)</u>	<u>273,511</u>	<u>(8,653,777)</u>
Capital Assets Being Depreciated, Net	<u>9,563,433</u>	<u>(271,943)</u>	<u>0</u>	<u>9,291,490</u>	<u>10,011,729</u>	<u>(444,141)</u>	<u>(4,155)</u>	<u>9,563,433</u>
Utility Plant Assets, Net	<u>\$ 10,265,887</u>	<u>\$ (24,745)</u>	<u>\$ 0</u>	<u>\$ 10,241,142</u>	<u>\$ 10,684,749</u>	<u>\$ (414,707)</u>	<u>\$ (4,155)</u>	<u>\$ 10,265,887</u>

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF ELECTRIC OPERATING AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OPERATING FUND

	2018	2017 (As Revised)
POWER PRODUCTION EXPENSES:		
Purchased Power	\$ 2,827,997	\$ 2,776,456
Transmission and Other Purchased Power Charges	1,164,380	1,093,094
TOTAL POWER PRODUCTION EXPENSES	3,992,377	3,869,550
DISTRIBUTION EXPENSES:		
Operation Labor	21,585	10,386
Miscellaneous Distribution Expense	86,718	60,730
Line Expenses	153,642	176,613
Maintenance Expense	452,195	393,422
Supplies Expense	58,669	35,080
TOTAL DISTRIBUTION EXPENSES	772,809	676,231
CUSTOMER ACCOUNTS:		
Customer Accounting and Collection	187,061	184,122
Meter Reading Expenses	12,606	13,717
Uncollectible Accounts	9,926	11,386
TOTAL CUSTOMER ACCOUNTS	209,593	209,225
GENERAL AND ADMINISTRATIVE EXPENSES:		
Administrative and General Salaries	146,757	129,951
Office Supplies and Expenses	63,871	52,444
Outside Services Employed	130,087	134,746
Injury and Damage Insurance	44,927	52,434
Employees Pensions and Benefits	388,158	576,599
Dues, Meetings, and Other General Expenses	103,024	114,113
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	876,824	1,060,287
TOTAL OPERATING AND MAINTENANCE EXPENSES	\$ 5,851,603	\$ 5,815,293

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF SALES OF ELECTRICITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OPERATING FUND

	Net Revenues			Kilowatt Hours Sold			Net Revenue Per Kilowatt Hours Sold	
	2018	2017	Increases (Decreases)	2018	2017	Increases (Decreases)	2018	2017
Sales of Electricity								
Residential Sales	\$ 3,660,967	\$ 3,698,715	\$ (37,748)	27,609,157	25,287,181	2,321,976	\$ 0.1326	\$ 0.1463
Commercial Sales	3,248,087	3,540,248	(292,161)	22,079,270	22,178,204	(98,934)	0.1471	0.1596
Industrial Sales	691,296	722,455	(31,159)	5,094,544	4,718,834	375,710	0.1357	0.1531
Private Lighting	74,333	71,138	3,195	315,080	390,647	(75,567)	0.2359	0.1821
Total Private Customers	<u>7,674,683</u>	<u>8,032,556</u>	<u>(357,873)</u>	<u>55,098,051</u>	<u>52,574,866</u>	<u>2,523,185</u>	<u>0.1393</u>	<u>0.1528</u>
Municipal Sales								
Street Lighting	61,384	69,147	(7,763)	300,970	377,464	(76,494)	0.2040	0.1832
Municipal Buildings	385,335	393,056	(7,721)	2,534,071	2,406,606	127,465	0.1521	0.1633
Total Municipal Sales	<u>446,719</u>	<u>462,203</u>	<u>(15,484)</u>	<u>2,835,041</u>	<u>2,784,070</u>	<u>50,971</u>	<u>0.1576</u>	<u>0.1660</u>
Total Sales of Electricity	<u>\$ 8,121,402</u>	<u>\$ 8,494,759</u>	<u>\$ (373,357)</u>	<u>57,933,092</u>	<u>55,358,936</u>	<u>2,574,156</u>	<u>\$ 0.1402</u>	<u>\$ 0.1534</u>

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