

**WEST BOYLSTON MUNICIPAL LIGHTING PLANT
AND SUBSIDIARY**
Financial Statements
December 31, 2019 and 2018

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
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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, 2019 and 2018, 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.

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, 2019 and 2018, 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, 2019 and 2018, 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 seven and 43 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
July 1, 2020

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, 2019. 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, 2019, it shows our net worth has increased by 14.3% over the year ended December 31, 2018.

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, 2019 and 2018 was \$1,610,241 and \$1,592,545, 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>2019</u>	<u>2018</u>
Current Assets	\$ 7,602,136	\$ 7,530,589
Noncurrent Assets	<u>19,209,221</u>	<u>17,799,939</u>
Total Assets	<u>26,811,357</u>	<u>25,330,528</u>
Deferred Outflows of Resources	<u>675,550</u>	<u>578,901</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 27,486,907</u>	<u>\$ 25,909,429</u>
Current Liabilities	\$ 1,265,950	\$ 1,305,213
Noncurrent Liabilities	<u>8,268,266</u>	<u>8,491,253</u>
Total Liabilities	<u>9,534,216</u>	<u>9,796,466</u>
Deferred Inflows of Resources	<u>5,079,303</u>	<u>4,849,816</u>
Net Position:		
Net Investment in Capital Assets	5,518,029	4,377,552
Net Position Restricted for Depreciation	2,864,758	2,564,775
Unrestricted	<u>4,490,601</u>	<u>4,320,820</u>
Total Net Position	<u>12,873,388</u>	<u>11,263,147</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 27,486,907</u>	<u>\$ 25,909,429</u>

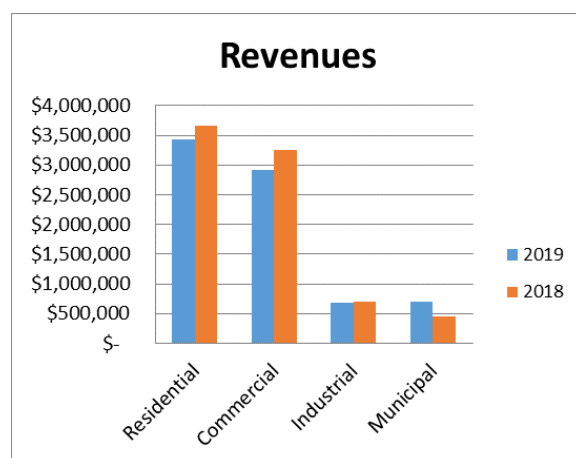
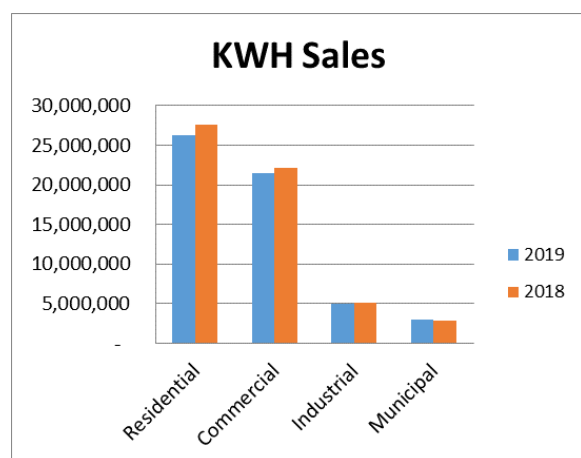
Summary of Changes in Net Position

	<u>2019</u>	<u>2018</u>
Operating Revenues	\$ 7,800,984	\$ 8,177,956
Operating Expenses	<u>6,784,272</u>	<u>6,415,751</u>
Operating Income	1,016,712	1,762,205
Non-operating Revenues (Expenses)	<u>593,529</u>	<u>(169,660)</u>
Income Before Contributions and Transfers	1,610,241	1,592,545
Beginning Net Position	<u>11,263,147</u>	<u>9,670,602</u>
Ending Net Position	<u>\$ 12,873,388</u>	<u>\$ 11,263,147</u>

Financial Highlights

Kilowatt Hour Sales

The following charts represent total kilowatt-hour sales and total revenues by account class for 2019 and 2018. The annual growth shows a decrease of approximately 4% in kilowatt-hour sales and a decrease of approximately 4% in operating revenues. The decrease in both kilowatt-hours sales and revenues was due to milder summer and winter temperatures.



Customer Base

WBMLP provided electric service to 3,151 residents, 500 businesses and 75 municipal and government customers in 2019. WBMLP expects energy consumption and sales revenue in 2020 to remain stable and similar to 2019. 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 territory. Our largest customer, the Worcester county jail, has three electric services that accounted for approximately 7% of the total kilowatt-hour sales in 2019. The next 25 largest customers represent only 0.2% - 2.4% each, of our kilowatt-hour sales and therefore individually, do not pose a risk to our forecasted revenues and budgets.

Financial Highlights (Continued)

Power Supply

WBMLP continuously evaluates new sources of reliable, non-greenhouse gas (GHG) emitting, and cost-effective energy located throughout or interconnected to ISO-NE. West Boylston is transitioning away from all fossil fueled generation and adopted a Greenhouse Gas Emission Standard (GGES). Our GGES goal is “Net Zero” greenhouse gas emissions by 2050. 53% of WBMLPs energy supply did not emit greenhouse gas emissions (GHGs) in 2019. Over time, WBMLP will need to invest in additional renewable and clean energy qualified generation in order to meet our GGES goal by 2050.

Our power supply and transmission expenses represent 60-70% 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 2019, only 16% 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 2019 power supply were two, zero greenhouse gas (GHG) emitting, nuclear energy projects, representing approximately 47% of our power supply purchases. WBMLP expects the Millstone and Seabrook nuclear projects to operate and generate electricity through 2045 and 2050 respectively. 13% of our power supply in 2019 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 comprising 8% of our energy supply in 2019 and included imported, low-cost clean hydroelectricity from New York for the specific benefit of our residential ratepayers. The remaining components of our 2019 power supply were generated from 8% wind, 7% solar, 1% natural gas, and 0.1% oil sources. The remaining 16% of our 2019 power supply was purchased through day-ahead and real-time ISO-NE market.

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” (RECs). 17% of WBMLPs 2019 energy supply was generated from RPS qualified generation.

Although WBMLP is excluded from the RPS standard, it owns and controls the RECs from 11% of our RPS qualified power supply. 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.

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.

Financial Highlights (Continued)

Utility Plant

The Lighting Plant and Cooperative's investment in utility plant assets, net of accumulated depreciation, as of December 31, 2019 and 2018 was \$10,864,045 and \$10,241,142 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, 2019 and 2018 was \$991,401 and \$977,615, 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% of the cost of plant to be used for capital improvements and additions for the years ending December 31, 2019 and 2018, respectively. Our depreciation fund balance at December 31, 2019 and 2018 was \$2,864,758 and \$2,564,775 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.

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, 2019 and 2018 was \$4,561,743 and \$4,088,276, respectively.

Significant Balances and Transactions (Continued)

OPEB

WBMLP's Plan Fiduciary Net Position as a percentage of the Total OPEB Liability was 80.99% as of the measurement date June 30, 2019. WBMLP's Board of Light Commissioners voted and authorized additional annual payments to fully fund our OPEB liability by 2023.

Rates

WBMLP's average electricity rates continue to remain lower than investor owned utility rates in Massachusetts in 2019. Our electricity rates have remained the same since 2009 and we don't expect a rate increase in 2020. In 2019, 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, 2019 AND 2018

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Operating Cash	\$ 4,560,640	\$ 4,803,590
Petty Cash	1,800	1,800
Customer Accounts Receivable, Net	125,640	116,026
Accounts Receivable - Other	582,291	481,126
Interest Receivable	20,934	11,784
Unbilled Revenue	788,536	714,068
Materials and Supplies	474,537	370,418
Prepaid Expenses	24,676	23,692
Prepaid Purchased Power	31,681	30,470
Purchased Power Working Capital	991,401	977,615
	<u>7,602,136</u>	<u>7,530,589</u>
TOTAL CURRENT ASSETS		
	<u>7,602,136</u>	<u>7,530,589</u>
NONCURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Customer Deposits	162,935	156,571
Depreciation Fund	2,864,758	2,564,775
Funds on Deposit with MMWEC		
Pooled Financing	515,641	547,289
Investments	14,718	14,718
Preliminary Surveys	225,381	187,168
Rate Stabilization Fund	4,561,743	4,088,276
Utility Plant Assets, Net	10,864,045	10,241,142
	<u>19,209,221</u>	<u>17,799,939</u>
TOTAL NONCURRENT ASSETS		
	<u>19,209,221</u>	<u>17,799,939</u>
TOTAL ASSETS	<u>26,811,357</u>	<u>25,330,528</u>
	<u>26,811,357</u>	<u>25,330,528</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pensions	665,264	578,901
Deferred Outflows of Resources Related to OPEB	10,286	0
	<u>675,550</u>	<u>578,901</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES		
	<u>675,550</u>	<u>578,901</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 27,486,907</u>	<u>\$ 25,909,429</u>
	<u>\$ 27,486,907</u>	<u>\$ 25,909,429</u>

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES:		
Accounts Payable	\$ 700,285	\$ 753,796
Accrued Expenses	48,086	33,843
Pooled Financing Loan	312,007	312,007
Bond Payable	<u>205,572</u>	<u>205,567</u>
 TOTAL CURRENT LIABILITIES	 <u>1,265,950</u>	 <u>1,305,213</u>
NONCURRENT LIABILITIES:		
Customer Deposits	162,935	156,571
Net Pension Liability	3,046,520	2,699,151
Other Postemployment Benefit Obligation	208,178	289,515
Pooled Financing Loan, Net of Current Portion	3,484,078	3,796,085
Bond Payable, Net of Current Portion	1,344,359	1,549,931
Customer Advances for Construction	<u>22,196</u>	<u>0</u>
 TOTAL NONCURRENT LIABILITIES	 <u>8,268,266</u>	 <u>8,491,253</u>
 TOTAL LIABILITIES	 <u>9,534,216</u>	 <u>9,796,466</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources Related to Pensions	381,926	557,260
Deferred Inflows of Resources Related to OPEB	135,634	204,280
Reserve for Rate Stabilization	<u>4,561,743</u>	<u>4,088,276</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>5,079,303</u>	 <u>4,849,816</u>
NET POSITION:		
Net Investment in Capital Assets	5,518,029	4,377,552
Net Position Restricted for Depreciation	2,864,758	2,564,775
Unrestricted Net Position	<u>4,490,601</u>	<u>4,320,820</u>
 TOTAL NET POSITION	 <u>12,873,388</u>	 <u>11,263,147</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 <u><u>\$ 27,486,907</u></u>	 <u><u>\$ 25,909,429</u></u>

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, 2019 AND 2018

OPERATING FUND

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES:		
Sales of Electricity	\$ 7,726,393	\$ 8,121,402
Other Operating Revenues	<u>74,591</u>	<u>56,554</u>
TOTAL OPERATING REVENUES	<u>7,800,984</u>	<u>8,177,956</u>
OPERATING EXPENSES:		
Operations and Maintenance	6,212,481	5,851,603
Depreciation	<u>571,791</u>	<u>564,148</u>
TOTAL OPERATING EXPENSES	<u>6,784,272</u>	<u>6,415,751</u>
OPERATING INCOME	<u>1,016,712</u>	<u>1,762,205</u>
NONOPERATING REVENUES (EXPENSES):		
Grant Income	157,666	0
Investment Income	600,529	12,264
Interest Expense	(166,564)	(183,822)
Amortization of Bond Premium	<u>1,898</u>	<u>1,898</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>593,529</u>	<u>(169,660)</u>
Income Before Contributions and Transfers	1,610,241	1,592,545
NET POSITION - JANUARY 1	<u>11,263,147</u>	<u>9,670,602</u>
NET POSITION - DECEMBER 31	<u><u>\$ 12,873,388</u></u>	<u><u>\$ 11,263,147</u></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, 2019 AND 2018

OPERATING FUND

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 7,889,533	\$ 8,353,131
Other Operating Cash Receipts - Solar Renewable Energy Credits	148,837	159,723
Cash Paid to Suppliers	(5,047,585)	(5,239,858)
Cash Paid to Employees	(925,929)	(822,921)
Cash Paid for Benefits	<u>(402,643)</u>	<u>(396,330)</u>
Net Cash Provided by Operating Activities	<u>1,662,213</u>	<u>2,053,745</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interest Expense	<u>(2,141)</u>	<u>(275)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Grant Income	157,666	0
Additions to Plant Assets	(1,194,694)	(539,403)
Customer Advances for Construction	22,196	0
Repayments on Long Term Debt	(515,676)	(515,676)
Net Transfers to Depreciation Fund	(245,472)	(489,364)
Transfers to Pooled Financing Reserve Fund	31,648	(36,619)
Interest Expense	<u>(141,942)</u>	<u>(160,408)</u>
Net Cash Used in Capital Financing Activities	<u>(1,886,274)</u>	<u>(1,741,470)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Income	49,615	45,176
Transfers to Rate Stabilization Reserve	0	(540,769)
Transfers to OPEB Trust Fund	(60,000)	0
Purchase of Investments	(1,191,330)	(300,000)
Proceeds from Sales and Maturities of Investments	<u>568,000</u>	<u>877,000</u>
Net Cash Provided (Used) in Investing Activities	<u>(633,715)</u>	<u>81,407</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(859,917)	393,407
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>3,243,962</u>	<u>2,850,555</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u><u>\$ 2,384,045</u></u>	<u><u>\$ 3,243,962</u></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, 2019 AND 2018

OPERATING FUND

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 1,016,712	\$ 1,762,205
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	571,791	564,148
Rate Stabilization Reserve	473,467	(81,278)
Pension Expense	308,010	257,242
OPEB Expense	(100,270)	(81,439)
Changes in Assets and Liabilities		
(Increase) Decrease in:		
Accounts Receivable - Customers	(9,614)	66,542
Accounts Receivable - Other	(101,165)	78,347
Deferred Outflows of Resources Related to Pensions	(222,338)	(187,054)
Unbilled Revenue	(74,468)	29,630
Materials and Supplies	(104,119)	(29,150)
Prepaid Expenses	(984)	(1,556)
Prepaid Purchased Power	(1,211)	(15,028)
Preliminary Surveys	(38,213)	(187,168)
Increase (Decrease) in:		
Accounts Payable	(75,992)	55,201
Accrued Expenses	14,243	(80,202)
Customer Deposits	6,364	7,034
Miscellaneous Deferred Liabilities	0	(103,729)
Net Cash Provided by Operating Activities	<u>\$ 1,662,213</u>	<u>\$ 2,053,745</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

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

	<u>2019</u>	<u>2018</u>
Petty Cash	\$ 1,800	\$ 1,800
Operating Cash	2,189,697	2,469,023
Operating Money Market	29,613	616,568
Customer Deposits	162,935	156,571
	<u>\$ 2,384,045</u>	<u>\$ 3,243,962</u>

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2019 AND 2018

OPEB TRUST FUND

ASSETS

	<u>2019</u>	<u>2018</u>
Funds on Deposit with MMWEC		
Cash and Cash Equivalents	\$ 948,055	\$ 738,214

NET POSITION

FIDUCIARY NET POSITION - Restricted	<u>\$ 948,055</u>	<u>\$ 738,214</u>
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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, 2019 AND 2018

OPEB TRUST FUND

	<u>2019</u>	<u>2018</u>
ADDITIONS:		
Net Investment Income (Loss)	\$ 149,841	\$ (32,091)
Contributions	<u>60,000</u>	<u>0</u>
Total Additions	<u>209,841</u>	<u>(32,091)</u>
CHANGE IN FIDUCIARY NET POSITION	209,841	(32,091)
FIDUCIARY NET POSITION - JANUARY 1	<u>738,214</u>	<u>770,305</u>
FIDUCIARY NET POSITION - DECEMBER 31	<u>\$ 948,055</u>	<u>\$ 738,214</u>

See Accompanying Notes to Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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% for the years ended December 31, 2019 and 2018.

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

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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

Reclassification

Certain prior year amounts have been reclassified to conform to the 2019 presentation.

Revenue Recognition

The Lighting Plant owns and maintains an electric distribution network serving the Town of West Boylston, Massachusetts. Distribution revenues are primarily from the sale of electricity to Town customers. Distribution sales are regulated by the DPU, which is responsible for determining the prices and other terms of services as part of the ratemaking process. The arrangement where a utility provides a service to a customer in exchange for a price approved by a regulator is referred to as a tariff sales contract. Electric distribution revenues are derived from the regulated sale and distribution of electricity to residential, commercial, and industrial customers within the Town of West Boylston under the tariff rates. 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. The tariff rates approved by the regulator are designed to recover the costs incurred by the Lighting Plant for products and services provided along with a return on investment.

The performance obligation for distribution sales is to provide electricity to the customer on demand. The electricity supplied under the tariff represents a single performance obligation as it is a series of distinct goods and services that are substantially the same. The performance obligation is satisfied over time because the customer simultaneously receives and consumes the electricity as the Lighting Plant provides this service. The Lighting Plant records revenues related to the distribution sales based upon the approved tariff rate and the volume delivered to the customers, which corresponds with the amount the Lighting Plant has the right to invoice.

Revenues are recognized for energy service provided on a monthly billing cycle basis. Distribution revenue also includes estimated unbilled amounts, which represent the estimated amounts due from customers for electricity provided to customers by the Lighting Plant, but not yet billed. Unbilled revenues are determined based on estimated unbilled sales volumes for the respective customer classes and then applying the applicable tariff rate to those volumes.

Materials and Supplies

Materials and supplies are valued using the average cost method.

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. Employees are eligible to carry over 5 days of 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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

Taxes

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

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.

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.

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.

Custodial Credit Risk – Deposits

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 – Investments

Investment custodial risk is the risk that, in the event of a failure by the counterparty, the Lighting Plant will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of December 31, 2019 and 2018, The Lighting Plant does not have custodial risk exposure in their investments in U.S. Treasury/Agency Securities, Certificate of Deposits, Mutual Funds and Money Market accounts. The Lighting Plant's accounts are protected in accordance with the SIPC up to \$500,000 including cash claims up to \$250,000.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 – CASH AND INVESTMENTS (Continued):

Interest Rate Risk

The Lighting 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

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, 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 below.

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Lighting 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.

- Corporate Bonds, Certificates of Deposits and U.S. Government Securities:
Valued at closing price as reported on the active market on which the individual securities 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 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, 2019 AND 2018

NOTE 2 – CASH AND INVESTMENTS (Continued):

Operating and Depreciation Fund Investments (continued)

The following table sets forth, by level within the fair value hierarchy, the Lighting Plant investments in the Operating and Depreciation Fund at fair value at December 31, 2019 and 2018. As of December 31, 2019 and 2018, the Lighting Plant did not have any investments that were measured using Level 2 or Level 3 inputs.

	December 31, 2019 Quoted Prices in Active Markets for Identical Assets (All Level 1)	December 31, 2018 Quoted Prices in Active Markets for Identical Assets (All Level 1)
<u>FMV Investments:</u>		
Corporate Bonds:		
Credit Rating		
AAA	\$ 99,762	\$ 0
U.S. Government Securities	1,079,229	0
Total FMV Investments	<u>1,178,991</u>	<u>0</u>
<u>Other Securities:</u>		
Money Markets	64,042	894,342
Certificates of Deposit	3,992,669	4,005,000
Total Other Securities	<u>4,056,711</u>	<u>4,899,342</u>
Total Investments	<u>\$ 5,235,702</u>	<u>\$ 4,899,342</u>

	Ratings as of Year End	2019 Fair Value	2019 Under 1 Year	2019 1-5 Years	2018 Fair Value
<u>Term Securities</u>					
Certificate of Deposit	Exempt	<u>\$ 3,992,669</u>	<u>\$ 2,212,825</u>	<u>\$ 1,779,844</u>	<u>\$ 4,005,000</u>

The following accounts were considered investments as of December 31, 2019 and 2018:

	2019	2018
Operating Fund	\$ 2,370,943	\$ 2,334,568
Depreciation Fund	<u>2,864,759</u>	<u>2,564,774</u>
Total Investments	<u>\$ 5,235,702</u>	<u>\$ 4,899,342</u>

As of December 31, 2019, there were no investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represents 5% or more of total investments.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 3 – 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:

	<u>2019</u>	<u>2018</u>
Accounts Receivable	\$ 137,168	\$ 127,554
Less: Allowance for Doubtful Accounts	<u>(11,528)</u>	<u>(11,528)</u>
Accounts Receivable, Net	<u>\$ 125,640</u>	<u>\$ 116,026</u>

NOTE 4 – ACCOUNTS RECEIVABLE - OTHER:

Accounts Receivable – Other consists of the following:

	<u>2019</u>	<u>2018</u>
Merchandise and Jobbing	\$ 45,236	\$ 37,446
Solar Renewable Energy Credits Receivable	495,982	381,963
Berkshire Wind Renewable Energy Credits Receivable	13,258	30,443
Liens Receivable	<u>27,815</u>	<u>31,274</u>
Total Other Accounts Receivable	<u>\$ 582,291</u>	<u>\$ 481,126</u>

NOTE 5 – FUNDS HELD AT MMWEC:

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 the Lighting Plant hold a set amount of capital from which it may pay power obligations when they are due. MMWEC replenishes 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, 2019 and 2018 is \$991,401 and \$977,615, respectively. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2019 and 2018 was \$17,947,001 and \$17,450,779, respectively, of which West Boylston Municipal Lighting Plant's ownership was approximately 5.5% and 5.6%, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 5 – FUNDS HELD AT MMWEC (Continued):

Rate Stabilization Fund

The Rate Stabilization Fund is held by MMWEC and 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, 2019 and 2018 was \$4,561,743 and \$4,088,276, respectively. The balance in the Fund is offset by a corresponding 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, 2019 and 2018 was \$85,247,470 and \$84,051,022, respectively, of which West Boylston Municipal Lighting Plant's ownership was approximately 5.4% and 4.9%, respectively.

Prepaid PASNY Fund

The Power Authority of the State of New York (PASNY) is a New York State public-benefit corporation. It is commonly referred to as New York Power Authority (NYPA). The electricity generated from the NYPA hydro-facilities in New York provides a reduced rate for electricity specifically for residential customers in New York and New England. This is another account maintained by MMWEC from which they may pay the Lighting Plant's power obligation for the delivery of power and other obligations associated with NYPA's hydro projects. The NYPA fund balance at December 31, 2019 and 2018 was \$33,742. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2019 and 2018 was \$4,312,061 and \$4,287,198, respectively, of which West Boylston Municipal Lighting Plant's ownership was approximately 0.78% and 0.79%, respectively.

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.

NOTE 7 – 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, 2019 and 2018, the Lighting Plant considers its pro rata share of these losses to be immaterial to its financial statements.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 8 – 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 2019 and 2018 was \$10,000.

Future minimum lease payments are as follows:

2020	\$	10,000
2021		10,000
2022		10,000
2023		10,000
2024		10,000
Thereafter		<u>170,000</u>
Total	\$	<u>220,000</u>

NOTE 9 – 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, 2019 and 2018 was \$3,796,085 and \$4,108,092, respectively. Interest expense relating to this loan was \$131,198 and \$139,797 for the years ended December 31, 2019 and 2018, respectively.

	<u>2019</u>	<u>2018</u>
Note Payable with Pooled Loan with MMWEC payable in monthly installments including a fixed interest rate of 3.15%. Due March 2032.	\$ 3,796,085	\$ 4,108,092
Less: Current Maturities	<u>(312,007)</u>	<u>(312,007)</u>
Long-Term Notes Payable, Less Current Portion	<u>\$ 3,484,078</u>	<u>\$ 3,796,085</u>

Maturities of the note payable are shown as follows:

For the year ended December 31,	2020	\$	312,007
	2021		312,007
	2022		312,007
	2023		312,007
	2024		312,007
	Thereafter		<u>1,924,043</u>
	Total	\$	<u>3,484,078</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 9 – POOLED FINANCING LOAN (Continued):

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, 2019 and 2018 was \$515,641 and \$547,289, respectively.

NOTE 10 – 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, 2019 and 2018, the principal amount outstanding was \$1,055,000 and \$1,190,000, respectively. Interest expense relating to this bond was \$23,750 and \$26,450 for the years ended December 31, 2019 and 2018, respectively.

Maturities of the bonds are shown as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For Years Ending December 31,	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	130,000	10,238	140,238
	2025-2027	<u>390,000</u>	<u>13,161</u>	<u>403,161</u>
	Total	1,055,000	<u>\$ 91,449</u>	<u>\$ 1,146,449</u>
Plus: Unamortized Net Premiums		14,251		
Less: Current Maturities of Long Term Debt		<u>136,903</u>		
		<u>\$ 932,348</u>		

NOTE 11 – GRANT REVENUE:

During 2019, the Lighting Plant was awarded an energy storage grant from the Massachusetts Clean Energy Technology Center (MassCEC) for the funding of a flywheel energy storage project for the purpose of providing peak load reduction, energy arbitrage, regulation in ISO-NE markets, and Alternative Portfolio Standard Renewable Energy Certificate generation. The grant will provide reimbursement up to \$242,563 of purchase and installation costs for the project. As of December 31, 2019, the Lighting Plant received \$157,666 of grant funding.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 12 – 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, 2019 and 2018, the total advance to the Cooperative was \$815,564.

NOTE 13 – RELATED PARTY TRANSACTIONS:

In the ordinary course of business, the Lighting Plant sells electricity to various Town departments. During the years ended December 31, 2019 and 2018, sales to these departments totaled \$422,108 and \$471,057, respectively. At December 31, 2019 and 2018, the amounts due from these departments were \$26,137 and \$2,215, respectively.

During the years ended December 31, 2019 and 2018, the Lighting Plant reimbursed the Town \$479,867 and \$423,358, respectively. At December 31, 2019 and 2018, amounts payable to the Town were \$2,364 and \$18,188, respectively.

NOTE 14 – UTILITY PLANT ASSETS:

	Balance January 1, 2019	Increases	Decreases	Balance December 31, 2019
Capital Assets Not Being Depreciated:				
Land	\$ 666,428	\$ 0	\$ 0	\$ 666,428
Construction in Progress	<u>283,224</u>	<u>687,191</u>	<u>(544,420)</u>	<u>425,995</u>
Total Capital Assets Not Being Depreciated	<u>949,652</u>	<u>687,191</u>	<u>(544,420)</u>	<u>1,092,423</u>
Capital Assets Being Depreciated:				
Distribution Plant	9,715,561	713,763	(40,325)	10,388,999
General Plant	2,510,816	338,160	(120,375)	2,728,601
Generation Plant	<u>6,245,604</u>	<u>0</u>	<u>0</u>	<u>6,245,604</u>
Total Capital Assets Being Depreciated	<u>18,471,981</u>	<u>1,051,923</u>	<u>(160,700)</u>	<u>19,363,204</u>
Less Accumulated Depreciation for:				
Distribution Plant	(6,273,853)	(290,400)	40,325	(6,523,928)
General Plant	(1,924,249)	(75,324)	120,375	(1,879,198)
Generation Plant	<u>(982,389)</u>	<u>(206,067)</u>	<u>0</u>	<u>(1,188,456)</u>
Total Accumulated Depreciation	<u>(9,180,491)</u>	<u>(497,007)</u>	<u>160,700</u>	<u>(9,591,582)</u>
Capital Assets Being Depreciated, Net	<u>9,291,490</u>	<u>480,132</u>	<u>0</u>	<u>9,771,622</u>
Utility Plant Assets, Net	<u>\$ 10,241,142</u>	<u>\$ 1,167,323</u>	<u>\$ (544,520)</u>	<u>\$ 10,864,045</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 15 – NET INVESTMENT IN CAPITAL ASSETS:

	<u>2019</u>	<u>2018</u>
Cost of Capital Assets Acquired	\$ 20,455,627	\$ 19,421,633
Less: Accumulated Depreciation	(9,591,582)	(9,180,491)
Less: Outstanding Debt Related to Capital Assets	<u>(5,346,016)</u>	<u>(5,863,590)</u>
Net Investment in Capital Assets	<u>\$ 5,518,029</u>	<u>\$ 4,377,552</u>

NOTE 16 – 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.

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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 16 – PENSION PLAN (Continued):

Benefits Provided (continued)

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 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, 2019 and 2018 were \$187,054 and \$167,489, respectively, which were paid during calendar year 2018 and 2017, respectively.

Pension Liabilities

At December 31, 2019 and 2018, the Lighting Plant reported a liability of \$3,046,520 and \$2,699,151, respectively for its proportionate share of the net pension liability. The 2019 and 2018 net pension liability was measured as of December 31, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 and 2016, respectively. 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, 2018 and 2017, the Town's proportion was 2.08% and 2.09%, 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, 2018 and 2017. At the measured date of December 31, 2018 and 2017, the Plant's portion was 16.15% and 15.83%, respectively, of the Town's total contributions.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 16 – PENSION PLAN (Continued):

Pension Expense

For the years ended December 31, 2019 and 2018, the Plant recognized a pension expense of \$308,010 and \$257,242, respectively. At December 31, 2019 and 2018, 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>2019</u>	<u>2018</u>
Differences between expected and actual experience	\$ 13,504	\$ 17,956
Changes of assumptions	189,299	257,221
Net difference between projected and actual earnings on pension plan investments	114,619	0
Changes in proportion and differences between employer contributions and Plant proportionate share	125,504	116,670
Plant contributions subsequent to the measurement date	<u>222,338</u>	<u>187,054</u>
Total	<u>\$ 665,264</u>	<u>\$ 578,901</u>
<u>Deferred Inflows of Resources Related to Pension</u>	<u>2019</u>	<u>2018</u>
Differences between expected and actual experience	\$ 22,584	\$ 0
Net difference between projected and actual earnings on pension plan investments	0	84,160
Changes in proportion and differences between employer contributions and Plant proportionate share	<u>359,342</u>	<u>473,100</u>
Total	<u>\$ 381,926</u>	<u>\$ 557,260</u>

Of the total amount reported as deferred outflows of resources related to pension, \$222,338 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, 2020. 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:		
2020	\$	105,733	2020	\$	114,763
2021		104,942	2021		114,764
2022		84,954	2022		114,762
2023		78,842	2023		18,819
2024		<u>68,455</u>	2024		<u>18,818</u>
Total	\$	<u>442,926</u>	Total	\$	<u>381,926</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 16 – PENSION PLAN (Continued):

Actuarial Assumptions

The total pension liability as of December 31, 2019 and 2018 was determined by an actuarial valuation as of January 1, 2018 and 2016, respectively, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	<p><i>Unfunded Actuarial Accrued Liability (UAAL):</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, 2003 and 2010:</i> Increasing dollar amount at 4% to reduce the 2002 and 2003 ERI Actuarial Accrued Liability to zero on or before June 30, 2028 and the 2010 ERI Actuarial Accrued Liability to zero on or before June 30, 2022.</p>
Remaining Amortization Period	17 years, except for ERI for 2002 and 2003 (10 years) and 2010 (4 years)
Asset Valuation Method	<p>The Actuarial Value of Assets is the market value of assets as of the valuation date reduced by the sum of:</p> <ol style="list-style-type: none"> 80% of gains and losses of the prior year, 60% of gains and losses of the second prior year, 40% of gains and losses of the third prior year and 20% of gains and losses of the fourth prior year
Inflation Rate	3% per year
Projected Salary Increases	<p>Group 1: 6%-4.25%, based on service</p> <p>Group 4: 7%-4.75%, based on service</p>
Cost of Living Allowance	Cost-of Living Allowances (COLA) are assumed to be 3% of the pension amount, capped at \$480 per year.
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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 16 – PENSION PLAN (Continued):

Actuarial Assumptions (continued)

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 for Fiscal Year 2019, 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, 2018 are summarized in the table below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	39%	4.75%
Fixed Income	23%	2.28%
Private Equity	13%	8.15%
Real Estate	10%	3.43%
Timber/Natural Resources	4%	4.00%
Portfolio Completion Strategies	11%	3.76%

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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 16 – PENSION PLAN (Continued):

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 (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the Net Pension Liability	\$ 3,669,723	\$ 3,046,520	\$ 2,520,041

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 17 – 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, 2019 and 2018 was \$948,055 and \$738,214, respectively.

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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

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, 2019 and 2018.

- 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.

The following sets forth, by level within the fair value hierarchy, the Plant's investments at fair value at December 31, 2019 and 2018. As of December 31, 2019 and 2018, the Plant did not have any investments that were measured using Level 2 or Level 3 inputs.

	December 31, 2019 Quoted Prices in Active Markets for Identical Assets <u>(All Level 1)</u>	December 31, 2018 Quoted Prices in Active Markets for Identical Assets <u>(All Level 1)</u>
<u>FMV Investments:</u>		
Mutual Funds	\$ 920,628	\$ 697,893
<u>Other Securities:</u>		
Money Market	<u>27,427</u>	<u>40,321</u>
Total	<u>\$ 948,055</u>	<u>\$ 738,214</u>

As of December 31, 2019 and 2018, 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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

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, 2019, 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.

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, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Total OPEB Liability	\$ 1,095,044	\$ 1,068,598
Fiduciary Net Position	<u>(886,866)</u>	<u>(779,083)</u>
Net OPEB Liability	<u><u>\$ 208,178</u></u>	<u><u>\$ 289,515</u></u>

Fiduciary net position as a percentage of the total OPEB liability was 80.99% and 72.91% as of June 30, 2019 and 2018, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

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.

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, 2019 are summarized below:

<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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

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	\$ 330,298	\$ 208,178	\$ 103,994

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 Decreasing to 4%	Current Healthcare Cost Trend Rates 5.5% Year 1 Decreasing to 5%	1% Increase 6.5% Year 1 Decreasing to 6%
Net OPEB Liability	\$ 85,798	\$ 208,178	\$ 354,462

NOTE 18 – 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, 2019, OPEB plan membership consisted of the following:

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

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 18 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

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, 2019, total premiums plus implicit costs for the retiree medical program were \$65,599.

OPEB Liabilities

At December 31, 2019 and 2018 the Lighting Plant reported a liability of \$208,178 and \$289,515, respectively, for its net OPEB liability. The 2019 and 2018 net OPEB liability was measured as of June 30, 2019 and 2018, and was determined by an actuarial valuation as of July 1, 2018.

OPEB Expense

For the year ended December 31, 2019 and 2018, the Lighting Plant recognized OPEB revenue of \$33,108 and \$14,347, respectively. At December 31, 2019 and 2018, the Lighting Plant reported deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Outflows of Resources Related to OPEB</u>	<u>2019</u>	<u>2018</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ <u>10,286</u>	\$ <u>0</u>
 <u>Deferred Inflows of Resources Related to OPEB</u>	 <u>2019</u>	 <u>2018</u>
Differences between expected and actual experience	\$ 118,792	\$ 180,024
Net difference between projected and actual earnings on OPEB plan investments	<u>16,842</u>	<u>24,256</u>
Total Deferred Inflows of Resources Related to OPEB	\$ <u>135,634</u>	\$ <u>204,280</u>

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

<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
Year Ended December 31:			Year Ended December 31:		
2020	\$	2,571	2020	\$	68,646
2021		2,571	2021		64,976
2022		2,571	2022		2,012
2023		<u>2,573</u>	2023		<u>0</u>
Total	\$	<u>10,286</u>	Total	\$	<u>135,634</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 18 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

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 19 – 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.

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, 2019 and 2018. 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 2019 and 2018 was \$74,784.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
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NOTE 19 – MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Reclassification

Certain prior year amounts have been reclassified to conform to the 2019 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, 2019 and 2018, 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.

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.

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).

Revenue Recognition

The Cooperative owns and maintains a solar electric generation and distribution system serving the Town of West Boylston, Massachusetts. Revenues are primarily from contract arrangements with the WBMLP and the Solar Renewable Energy Credits issued for the electricity generated from the solar electric system.

The performance obligation for contract revenues is to generate and provide electricity to the WBMLP. The electricity supplied represents a single performance obligation as it is a series of distinct goods and services that are substantially the same. The performance obligation is satisfied over time because the WBMLP simultaneously receives and consumes the electricity as the Cooperative provides this service. The Cooperative records revenues related to the contract arrangements which include charges for insurance, professional services and administrative expenses. Revenues are recognized for contract obligations on a monthly basis.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 19 – MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

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, 2019 and 2018, the Cooperative incurred charges of \$4,071 and \$8,868, respectively, for services provided by or paid by MMWEC on behalf of the Cooperative. As of December 31, 2019 and 2018, the Cooperative had an outstanding balance due to MMWEC of \$528 and \$285, respectively.

WBMLP made advances to the Cooperative to fund project costs. As of December 31, 2019 and 2018, the Cooperative has an outstanding balance due to WBMLP of \$815,564.

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 2019 and 2018 was \$11,132 and \$12,528, 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, 2019 and 2018, the outstanding CREB balance was \$480,680 and \$549,349, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 19 – MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Debt (Continued):

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,	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	68,669	4,189	72,858
	2025-2026	<u>137,335</u>	<u>3,475</u>	<u>140,810</u>
	Total	<u>\$ 480,680</u>	<u>\$ 38,325</u>	<u>\$ 519,005</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 20 – CONTINGENCIES AND LIABILITIES:

Legal and Environmental Matters

The Lighting Plant is not party to any pending legal proceedings. 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.

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 16 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).

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 20 – CONTINGENCIES AND LIABILITIES (Continued):

Berkshire Wind Cooperative Corporation Contingencies and Liabilities (continued):

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.

The Berkshire Wind Facility is comprised of two Phases. Phase 1 is comprised of ten 1.5-megawatt wind turbines which have been commercially operating since 2011, and Phase 2 is comprised of two 2.3-megawatt wind turbines which began commercial operations in November 2019.

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 and its pro rata share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility. 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. Additionally, 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.

The total capital expenditures, debt service and operation and maintenance (O&M) costs associated with the Plant's pro rata share of the Phases in which it participates for the years ended December 31, 2019 and 2018, respectively are listed in the table below.

Phase	Percentage Share	Total Capital Expenditures 2019	Debt Service Billed 2019	Debt Service Billed 2018	Operations and Maintenance Billed 2019	Operations and Maintenance Billed 2018
Berkshire Phase 1	5.375%	\$ 2,942,991	\$ 263,896	\$ 278,137	\$ 79,169	\$ 131,831
Berkshire Phase 2	5.374%	<u>1,552,928</u>	<u>47,851</u>	<u>0</u>	<u>16,408</u>	<u>0</u>
Total		<u>\$ 4,495,919</u>	<u>\$ 311,747</u>	<u>\$ 278,137</u>	<u>\$ 95,577</u>	<u>\$ 131,831</u>

In addition, the estimated aggregate amount of the required payments for future years for the Plant's pro rata share of the Phases in which it participates is shown in the table on the following page.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 20 – CONTINGENCIES AND LIABILITIES (Continued):

Berkshire Wind Cooperative Corporation Contingencies and Liabilities (continued):

		<u>Total Phase 1</u> <u>Debt Service</u>	<u>Total Phase 2</u> <u>Debt Service</u>	<u>Total Berkshire</u> <u>Debt Service</u>
For Years Ending December 31,	2020	\$ 260,177	\$ 44,545	\$ 304,722
	2021	260,096	44,545	304,641
	2022	260,177	44,545	304,722
	2023	260,123	44,545	304,668
	2024	260,459	44,545	305,004
	2025-2029	1,300,952	222,726	1,523,678
	2030-2033	<u>260,177</u>	<u>378,453</u>	<u>638,630</u>
	Total	<u>\$ 2,862,161</u>	<u>\$ 823,904</u>	<u>\$ 3,686,065</u>

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 \$382,252 in 2020, \$242,688 in 2021, \$167,255 in 2022, \$166,019 in 2023, and \$58,125 in 2024.

MMWEC Contingencies and Liabilities

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 operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No 1 Project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

On July 19, 2019, MMWEC sold its 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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 20 – CONTINGENCIES AND LIABILITIES (Continued):

MMWEC Contingencies and Liabilities (continued):

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). The Light Department has entered into PSAs with MMWEC. Under the PSAs the Department is required to make certain payments to MMWEC payable solely from Municipal Light Department revenues. 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. 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. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations 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).

Pursuant to the PSAs, the MMWEC 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 Millstone and Seabrook 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.

As of July 1, 2019, MMWEC has no debt service obligations outstanding relating to the Projects. 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.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above) associated with the Department's Project Capability of the Projects in which it participates for the years ended December 31, 2019 and 2018, respectively are listed in the table below.

<u>Projects</u>	<u>Percentage Share</u>	<u>Total Capital Expenditures 2019</u>	<u>Capacity, Fuel and Transmission Billed 2019</u>	<u>Capacity, Fuel and Transmission Billed 2018</u>
Stony Brook Peaking	2.3041%	\$ 1,376,094	\$ 84,072	\$ 106,999
Stony Brook Int.	1.4135%	2,530,613	183,360	282,439
Nuclear Mix 1-SBK	1.3587%	137,312	7,418	7,034
Nuclear Mix 1-MLS	1.3587%	822,596	79,670	92,088
Nuclear Project 3-MLS	1.7956%	2,658,260	211,626	245,357
Nuclear Project 4-SBK	2.9080%	8,703,960	425,104	415,149
Nuclear Project 5-SBK	0.7204%	584,114	27,018	26,456
Project No. 6-SBK	0.7552%	<u>4,203,785</u>	<u>173,670</u>	<u>182,731</u>
		<u>\$ 21,016,734</u>	<u>\$ 1,191,938</u>	<u>\$ 1,358,253</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 21 – SUBSEQUENT EVENT:

Management has evaluated subsequent events through July 1, 2020 the date on which the financial statements were available to be issued. Changes in investment returns and fair values can have a significant effect on the Lighting Plant's Investments and OPEB Trust Fund. Since December 31, 2019, the U.S. and world markets have continued to experience significant declines. Management is monitoring investment market conditions and the impact such declines are having on the Lighting Plant's and OPEB Trust Fund's investment portfolio. Due to the volatility of the financial markets as of the date of this report, there is uncertainty regarding the impact that continued volatility might have on the Lighting Plant's and OPEB Trust's investment portfolio.

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

OPERATING FUND

For the Year Ending December 31,	2019	2018	2017	2016	2015
Actuarial Valuation Date	1/1/2018	1/1/2016	1/1/2016	1/1/2014	1/1/2014
Measurement Date	12/31/2018	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	0.3360%	0.3310%	0.3320%	0.3856%	0.4001%
Department's Proportionate Share of the NPL	\$ 3,046,520	\$ 2,699,151	\$ 3,271,998	\$ 2,737,718	\$ 2,380,599
Department's Total Employee Payroll	\$ 925,929	\$ 822,921	\$ 822,437	\$ 782,817	\$ 780,072
NPL as a Percentage of Total Employee Payroll	329.02%	328.00%	397.84%	349.73%	305.18%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	43.05%	46.40%	42.00%	44.52%	47.94%

Schedule of Contributions:

Actuarially Determined Contributions	\$ 187,054	\$ 167,489	\$ 189,754	\$ 173,511	\$ 158,098
Contributions in Relation to the Actuarially Determined Contribution	187,054	167,489	189,754	173,511	158,098
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Department's Total Employee Payroll	\$ 925,929	\$ 822,921	\$ 822,437	\$ 782,817	\$ 780,072
Contributions as a Percentage of the Department's Total Employee Payroll	20.20%	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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:			
Service Cost	\$ 13,317	\$ 12,744	\$ 16,317
Interest	78,728	93,715	91,592
Changes of Benefit Terms	0	0	0
Differences between Expected and Actual Experience	0	(241,256)	0
Changes of Assumptions	0	0	0
Benefit Payments	(65,599)	(65,599)	(86,095)
Net Change in Total OPEB Liability	<u>26,446</u>	<u>(200,396)</u>	<u>21,814</u>
Total OPEB Liability - Beginning	1,068,598	1,268,994	1,247,180
Total OPEB Liability - Ending	<u><u>\$ 1,095,044</u></u>	<u><u>\$ 1,068,598</u></u>	<u><u>\$ 1,268,994</u></u>
Plan Fiduciary Net Position:			
Contributions-Employer	\$ 122,823	\$ 62,755	\$ 81,222
Net Investment Income	47,784	63,705	75,047
Benefit Payments	(61,262)	(61,262)	(79,889)
Administrative Expenses	(1,562)	(1,493)	(1,333)
Other	0	0	0
Net Change in Plan Fiduciary Net Position	<u>107,783</u>	<u>63,705</u>	<u>75,047</u>
Plan Fiduciary Net Position - Beginning	779,083	715,378	640,331
Plan Fiduciary Net Position - Ending	<u><u>\$ 886,866</u></u>	<u><u>\$ 779,083</u></u>	<u><u>\$ 715,378</u></u>
Net OPEB Liability - Ending	<u><u>\$ 208,178</u></u>	<u><u>\$ 289,515</u></u>	<u><u>\$ 553,616</u></u>

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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF NET OPEB LIABILITY, EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS

OPERATING FUND & OPEB TRUST FUND

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedules of Net OPEB Liability:			
Total OPEB Liability	\$ 1,095,044	\$ 1,068,598	\$ 1,268,994
Plan Fiduciary Net Position	<u>886,866</u>	<u>779,083</u>	<u>715,378</u>
Net OPEB Liability	<u><u>\$ 208,178</u></u>	<u><u>\$ 289,515</u></u>	<u><u>\$ 553,616</u></u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	80.99%	72.91%	56.37%
Covered Payroll	\$ 851,724	\$ 822,921	\$ 822,437
Net OPEB Liability as a Percentage of Covered Payroll	24.44%	35.18%	67.31%
Schedules of Employer Contributions:			
Actuarially Determined Contributions	\$ 62,824	\$ 62,755	\$ 81,222
Contributions in relation to the actuarially determined contribution	<u>(127,161)</u>	<u>(67,092)</u>	<u>(87,428)</u>
Contribution Deficiency (Excess)	<u><u>\$ (64,337)</u></u>	<u><u>\$ (4,337)</u></u>	<u><u>\$ (6,206)</u></u>
Covered Payroll	\$ 851,724	\$ 822,921	\$ 822,437
Contributions as a percentage of covered payroll	14.93%	8.15%	10.63%
Schedules of Investment Returns:			
Annual Money-Weighted rate of Return, net of investment expenses	18.59%	-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
CONSOLIDATING STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2019</u>				<u>2018</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	\$ 4,493,431	\$ 67,209	\$ 0	\$ 4,560,640	\$ 4,739,245	\$ 64,345	\$ 0	\$ 4,803,590
Petty Cash	1,800	0	0	1,800	1,800	0	0	1,800
Customer Accounts Receivable, Net	125,640	0	0	125,640	116,026	0	0	116,026
Accounts Receivable - Other	582,291	83,026	(83,026)	582,291	481,126	73,786	(73,786)	481,126
Interest Receivable	20,934	0	0	20,934	11,784	0	0	11,784
Unbilled Revenue	788,536	0	0	788,536	714,068	0	0	714,068
Materials and Supplies	474,537	0	0	474,537	370,418	0	0	370,418
Prepaid Expenses	24,676	0	0	24,676	23,692	0	0	23,692
Prepaid Purchased Power	31,681	0	0	31,681	30,470	0	0	30,470
Purchased Power Working Capital	991,401	0	0	991,401	977,615	0	0	977,615
TOTAL CURRENT ASSETS	<u>7,534,927</u>	<u>150,235</u>	<u>(83,026)</u>	<u>7,602,136</u>	<u>7,466,244</u>	<u>138,131</u>	<u>(73,786)</u>	<u>7,530,589</u>
NONCURRENT ASSETS:								
Funds on Deposit with Town Treasurer								
Customer Deposits	162,935	0	0	162,935	156,571	0	0	156,571
Depreciation Fund	2,864,758	0	0	2,864,758	2,564,775	0	0	2,564,775
Funds on Deposit with MMWEC								
Pooled Financing	515,641	0	0	515,641	547,289	0	0	547,289
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	225,381	0	0	225,381	187,168	0	0	187,168
Rate Stabilization Fund	4,561,743	0	0	4,561,743	4,088,276	0	0	4,088,276
Utility Plant Assets, Net	9,678,774	1,185,271	0	10,864,045	8,981,087	1,260,055	0	10,241,142
TOTAL NONCURRENT ASSETS	<u>18,839,514</u>	<u>1,185,271</u>	<u>(815,564)</u>	<u>19,209,221</u>	<u>17,355,448</u>	<u>1,260,055</u>	<u>(815,564)</u>	<u>17,799,939</u>
TOTAL ASSETS	<u>26,374,441</u>	<u>1,335,506</u>	<u>(898,590)</u>	<u>26,811,357</u>	<u>24,821,692</u>	<u>1,398,186</u>	<u>(889,350)</u>	<u>25,330,528</u>
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred Outflows of Resources Related to Pension	665,264	0	0	665,264	578,901	0	0	578,901
Deferred Outflows of Resources Related to OPEB	10,286	0	0	10,286	0	0	0	0
Amounts Recoverable in the Future	0	82,199	(82,199)	0	0	76,084	(76,084)	0
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>675,550</u>	<u>82,199</u>	<u>(82,199)</u>	<u>675,550</u>	<u>578,901</u>	<u>76,084</u>	<u>(76,084)</u>	<u>578,901</u>
NET ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 27,049,991</u>	<u>\$ 1,417,705</u>	<u>\$ (980,789)</u>	<u>\$ 27,486,907</u>	<u>\$ 25,400,593</u>	<u>\$ 1,474,270</u>	<u>\$ (965,434)</u>	<u>\$ 25,909,429</u>

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2019</u>				<u>2018</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	\$ 699,757	\$ 528	\$ 0	\$ 700,285	\$ 753,511	\$ 285	\$ 0	\$ 753,796
Accrued Expenses	48,086	0	0	48,086	33,843	0	0	33,843
Pooled Financing Loan	312,007	0	0	312,007	312,007	0	0	312,007
Bond Payable	136,903	68,669	0	205,572	136,898	68,669	0	205,567
TOTAL CURRENT LIABILITIES	1,196,753	69,197	0	1,265,950	1,236,259	68,954	0	1,305,213
NONCURRENT LIABILITIES:								
Customer Deposits	162,935	0	0	162,935	156,571	0	0	156,571
Net Pension Liability	3,046,520	0	0	3,046,520	2,699,151	0	0	2,699,151
Other Post Employment Benefit Obligation	208,178	0	0	208,178	289,515	0	0	289,515
Pooled Financing Loan, Net of Current Portion	3,484,078	0	0	3,484,078	3,796,085	0	0	3,796,085
Bond Payable, Net of Current Portion	932,348	412,011	0	1,344,359	1,069,251	480,680	0	1,549,931
Customer Advances for Construction	22,196	0	0	22,196	0	0	0	0
Advances from West Boylston Municipal Lighting Plant	0	815,564	(815,564)	0	0	815,564	(815,564)	0
TOTAL NONCURRENT LIABILITIES	7,856,255	1,227,575	(815,564)	8,268,266	8,010,573	1,296,244	(815,564)	8,491,253
TOTAL LIABILITIES	9,053,008	1,296,772	(815,564)	9,534,216	9,246,832	1,365,198	(815,564)	9,796,466
DEFERRED INFLOWS OF RESOURCES:								
Deferred Inflows of Pensions	381,926	0	0	381,926	557,260	0	0	557,260
Deferred Inflows of OPEB	135,634	0	0	135,634	204,280	0	0	204,280
Billings in Excess of Costs to Participants	0	120,933	(120,933)	0	0	109,072	(109,072)	0
Amounts Recoverable/Payable in the Future	82,199	0	(82,199)	0	76,084	0	(76,084)	0
Reserve for Rate Stabilization	4,561,743	0	0	4,561,743	4,088,276	0	0	4,088,276
TOTAL DEFERRED INFLOWS OF RESOURCES	5,161,502	120,933	(203,132)	5,079,303	4,925,900	109,072	(185,156)	4,849,816
NET POSITION:								
Net Investment in Capital Assets	4,813,438	704,591	0	5,518,029	3,666,846	710,706	0	4,377,552
Net Position Restricted for Depreciation	2,864,758	0	0	2,864,758	2,564,775	0	0	2,564,775
Unrestricted Net Position	5,157,285	(704,591)	37,907	4,490,601	4,996,240	(710,706)	35,286	4,320,820
TOTAL NET POSITION	12,835,481	0	37,907	12,873,388	11,227,861	0	35,286	11,263,147
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 27,049,991	\$ 1,417,705	\$ (980,789)	\$ 27,486,907	\$ 25,400,593	\$ 1,474,270	\$ (965,434)	\$ 25,909,429

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, 2019 AND 2018

OPERATING FUND

	<u>2019</u>				<u>2018</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	\$ 7,726,393	\$ 0	\$ 0	\$ 7,726,393	\$ 8,121,402	\$ 0	\$ 0	\$ 8,121,402
Other Operating Revenues	74,591	114,640	(114,640)	74,591	56,554	111,032	(111,032)	56,554
TOTAL OPERATING REVENUES	7,800,984	114,640	(114,640)	7,800,984	8,177,956	111,032	(111,032)	8,177,956
OPERATING EXPENSES:								
Operations and Maintenance	6,301,018	34,839	(123,376)	6,212,481	5,932,839	29,835	(111,071)	5,851,603
Depreciation	497,007	74,784	0	571,791	489,364	74,784	0	564,148
TOTAL OPERATING EXPENSES	6,798,025	109,623	(123,376)	6,784,272	6,422,203	104,619	(111,071)	6,415,751
OPERATING INCOME	1,002,959	5,017	8,736	1,016,712	1,755,753	6,413	39	1,762,205
NONOPERATING REVENUES (EXPENSES):								
Grant Income	157,666	0	0	157,666	0	0	0	0
Investment Income	600,529	0	0	600,529	12,264	0	0	12,264
Interest Expense	(155,432)	(11,132)	0	(166,564)	(171,294)	(12,528)	0	(183,822)
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)	604,661	(5,017)	(6,115)	593,529	(157,132)	(6,413)	(6,115)	(169,660)
Income Before Contributions and Transfers	1,607,620	0	2,621	1,610,241	1,598,621	0	(6,076)	1,592,545
NET POSITION - JANUARY 1	11,227,861	0	35,286	11,263,147	9,629,240	0	41,362	9,670,602
NET POSITION - DECEMBER 31	<u>\$ 12,835,481</u>	<u>\$ 0</u>	<u>\$ 37,907</u>	<u>\$ 12,873,388</u>	<u>\$ 11,227,861</u>	<u>\$ 0</u>	<u>\$ 35,286</u>	<u>\$ 11,263,147</u>

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

OPERATING FUND

	<u>2019</u>				<u>2018</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	\$ 7,797,734	\$ 91,799	\$ 0	7,889,533	\$ 8,251,532	\$ 101,599	\$ 0	\$ 8,353,131
Other Operating Cash Receipts - Solar Renewable Energy Credits	0	148,837	0	148,837	0	159,723	0	159,723
Cash Paid to Participant - Solar Renewable Energy Credits	0	(148,837)	148,837	0	0	(159,723)	159,723	0
Cash Paid to Suppliers	(4,889,614)	(9,134)	(148,837)	(5,047,585)	(5,057,472)	(22,663)	(159,723)	(5,239,858)
Cash Paid to Employees	(925,929)	0	0	(925,929)	(822,921)	0	0	(822,921)
Cash Paid for Benefits	(402,643)	0	0	(402,643)	(396,330)	0	0	(396,330)
Net Cash Provided by Operating Activities	<u>1,579,548</u>	<u>82,665</u>	<u>0</u>	<u>1,662,213</u>	<u>1,974,809</u>	<u>78,936</u>	<u>0</u>	<u>2,053,745</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Interest Expense	<u>(2,141)</u>	<u>0</u>	<u>0</u>	<u>(2,141)</u>	<u>(275)</u>	<u>0</u>	<u>0</u>	<u>(275)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Grant Income	157,666	0	0	157,666	0	0	0	0
Additions to Plant Assets	(1,194,694)	0	0	(1,194,694)	(539,403)	0	0	(539,403)
Customer Advances for Construction	22,196	0	0	22,196	0	0	0	0
Repayments on Long Term Debt	(447,007)	(68,669)	0	(515,676)	(447,007)	(68,669)	0	(515,676)
Net Transfers to Depreciation Fund	(245,472)	0	0	(245,472)	(489,364)	0	0	(489,364)
Transfers to Pooled Financing Reserve Fund	31,648	0	0	31,648	(36,619)	0	0	(36,619)
Interest Expense	<u>(130,810)</u>	<u>(11,132)</u>	<u>0</u>	<u>(141,942)</u>	<u>(147,880)</u>	<u>(12,528)</u>	<u>0</u>	<u>(160,408)</u>
Net Cash Used in Capital Financing Activities	<u>(1,806,473)</u>	<u>(79,801)</u>	<u>0</u>	<u>(1,886,274)</u>	<u>(1,660,273)</u>	<u>(81,197)</u>	<u>0</u>	<u>(1,741,470)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Investment Income	49,615	0	0	49,615	45,176	0	0	45,176
Transfers to Rate Stabilization Reserve	0	0	0	0	(540,769)	0	0	(540,769)
Transfers to OPEB Trust Fund	(60,000)	0	0	(60,000)	0	0	0	0
Purchase of Investments	(1,191,330)	0	0	(1,191,330)	(300,000)	0	0	(300,000)
Proceeds from Sales and Maturities of Investments	<u>568,000</u>	<u>0</u>	<u>0</u>	<u>568,000</u>	<u>877,000</u>	<u>0</u>	<u>0</u>	<u>877,000</u>
Net Cash Provided (Used) in Investing Activities	<u>(633,715)</u>	<u>0</u>	<u>0</u>	<u>(633,715)</u>	<u>81,407</u>	<u>0</u>	<u>0</u>	<u>81,407</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(862,781)	2,864	0	(859,917)	395,668	(2,261)	0	393,407
CASH AND CASH EQUIVALENTS - JANUARY 1	<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>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 2,316,836</u>	<u>\$ 67,209</u>	<u>\$ 0</u>	<u>\$ 2,384,045</u>	<u>\$ 3,179,617</u>	<u>\$ 64,345</u>	<u>\$ 0</u>	<u>\$ 3,243,962</u>

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

OPERATING FUND

	<u>2019</u>				<u>2018</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	\$ 1,002,959	\$ 5,017	\$ 8,736	\$ 1,016,712	\$ 1,755,753	\$ 6,413	\$ 39	\$ 1,762,205
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:								
Depreciation	497,007	74,784	0	571,791	489,364	74,784	0	564,148
Rate Stabilization Reserve	473,467	0	0	473,467	(81,278)	0	0	(81,278)
Pension Expense	308,010	0	0	308,010	257,242	0	0	257,242
OPEB Expense	(100,270)	0	0	(100,270)	(81,439)	0	0	(81,439)
Changes in Assets and Liabilities:								
(Increase) Decrease in:								
Accounts Receivable - Customers	(9,614)	(9,240)	9,240	(9,614)	66,542	9,387	(9,387)	66,542
Accounts Receivable - Other	(101,165)	0	0	(101,165)	78,347	0	0	78,347
Deferred Outflows of Resources Related to Pensions	(222,338)	0	0	(222,338)	(187,054)	0	0	(187,054)
Unbilled Revenue	(74,468)	0	0	(74,468)	29,630	0	0	29,630
Materials and Supplies	(104,119)	0	0	(104,119)	(29,150)	0	0	(29,150)
Prepaid Expenses	(984)	0	0	(984)	(6,098)	4,542	0	(1,556)
Prepaid Purchased Power	(1,211)	0	0	(1,211)	(15,028)	0	0	(15,028)
Preliminary Surveys	(38,213)	0	0	(38,213)	(187,168)	0	0	(187,168)
Increase (Decrease) in:								
Accounts Payable	(76,235)	243	0	(75,992)	55,928	(194)	(533)	55,201
Accrued Expenses	14,243	0	0	14,243	(80,202)	0	0	(80,202)
Customer Deposits	6,364	0	0	6,364	7,034	0	0	7,034
Billings in Excess of Costs to Participants	0	11,861	(11,861)	0	0	(15,996)	15,996	0
Amounts Recoverable/Payable in the Future	6,115	0	(6,115)	0	6,115	0	(6,115)	0
Miscellaneous Deferred Liabilities	0	0	0	0	(103,729)	0	0	(103,729)
Net Cash Provided by Operating Activities	<u>\$ 1,579,548</u>	<u>\$ 82,665</u>	<u>\$ 0</u>	<u>\$ 1,662,213</u>	<u>\$ 1,974,809</u>	<u>\$ 78,936</u>	<u>\$ 0</u>	<u>\$ 2,053,745</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	2,122,488	67,209	0	2,189,697	2,404,678	64,345	0	2,469,023
Operating Money Market	29,613	0	0	29,613	616,568	0	0	616,568
Customer Deposits Cash	162,935	0	0	162,935	156,571	0	0	156,571
	<u>\$ 2,316,836</u>	<u>\$ 67,209</u>	<u>\$ 0</u>	<u>\$ 2,384,045</u>	<u>\$ 3,179,617</u>	<u>\$ 64,345</u>	<u>\$ 0</u>	<u>\$ 3,243,962</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, 2019 AND 2018

OPERATING FUND

	Balance January 1, 2019	Increases	Decreases	Balance December 31, 2019	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018
Capital Assets Not Being Depreciated:								
Land	\$ 666,428	\$ 0	\$ 0	\$ 666,428	\$ 666,428	\$ 0	\$ 0	\$ 666,428
Construction in Progress	283,224	687,191	(544,420)	425,995	36,026	247,198	0	283,224
Capital Assets Not Being Depreciated	949,652	687,191	(544,420)	1,092,423	702,454	247,198	0	949,652
Capital Assets Being Depreciated:								
Distribution Plant	9,715,561	713,763	(40,325)	10,388,999	9,460,790	292,205	(37,434)	9,715,561
General Plant	2,510,816	338,160	(120,375)	2,728,601	2,510,816	0	0	2,510,816
Generation Plant	6,245,604	0	0	6,245,604	6,245,604	0	0	6,245,604
Total	18,471,981	1,051,923	(160,700)	19,363,204	18,217,210	292,205	(37,434)	18,471,981
Less Accumulated Depreciation For:								
Distribution Plant	(6,273,853)	(290,400)	40,325	(6,523,928)	(6,051,044)	(260,243)	37,434	(6,273,853)
General Plant	(1,924,249)	(75,324)	120,375	(1,879,198)	(1,848,927)	(75,322)	0	(1,924,249)
Generation Plant	(982,389)	(206,067)	0	(1,188,456)	(753,806)	(228,583)	0	(982,389)
Total Accumulated Depreciation	(9,180,491)	(571,791)	160,700	(9,591,582)	(8,653,777)	(564,148)	37,434	(9,180,491)
Capital Assets Being Depreciated, Net	9,291,490	480,132	0	9,771,622	9,563,433	(271,943)	0	9,291,490
Utility Plant Assets, Net	<u>\$ 10,241,142</u>	<u>\$ 1,167,323</u>	<u>\$ (544,420)</u>	<u>\$ 10,864,045</u>	<u>\$ 10,265,887</u>	<u>\$ (24,745)</u>	<u>\$ 0</u>	<u>\$ 10,241,142</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, 2019 AND 2018

OPERATING FUND

	<u>2019</u>	<u>2018</u>
POWER PRODUCTION EXPENSES:		
Purchased Power	\$ 2,916,805	\$ 2,827,997
Transmission and Other Purchased Power Charges	<u>939,751</u>	<u>1,164,380</u>
TOTAL POWER PRODUCTION EXPENSES	<u>3,856,556</u>	<u>3,992,377</u>
DISTRIBUTION EXPENSES:		
Operation Labor	36,465	21,585
Miscellaneous Distribution Expense	79,770	86,718
Line Expenses	193,362	153,642
Maintenance Expense	750,792	452,195
Supplies Expense	<u>31,021</u>	<u>58,669</u>
TOTAL DISTRIBUTION EXPENSES	<u>1,091,410</u>	<u>772,809</u>
CUSTOMER ACCOUNTS:		
Customer Accounting and Collection	210,603	187,061
Meter Reading Expenses	11,168	12,606
Uncollectible Accounts	<u>12,463</u>	<u>9,926</u>
TOTAL CUSTOMER ACCOUNTS	<u>234,234</u>	<u>209,593</u>
GENERAL AND ADMINISTRATIVE EXPENSES:		
Administrative and General Salaries	174,729	146,757
Office Supplies and Expenses	104,589	63,871
Outside Services Employed	131,613	130,087
Injury and Damage Insurance	69,995	44,927
Employees Pensions and Benefits	402,643	388,158
Dues, Meetings, and Other General Expenses	<u>146,712</u>	<u>103,024</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>1,030,281</u>	<u>876,824</u>
TOTAL OPERATING AND MAINTENANCE EXPENSES	<u><u>\$ 6,212,481</u></u>	<u><u>\$ 5,851,603</u></u>

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF SALES OF ELECTRICITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

OPERATING FUND

	Net Revenues			Kilowatt Hours Sold			Net Revenue Per Kilowatt Hours Sold	
	2019	2018	Increases (Decreases)	2019	2018	Increases (Decreases)	2019	2018
Sales of Electricity								
Residential Sales	\$ 3,436,177	\$ 3,660,967	\$ (224,790)	26,293,541	27,609,157	(1,315,616)	\$ 0.1307	\$ 0.1326
Commercial Sales	3,099,615	3,248,087	(148,472)	21,208,238	22,079,270	(871,032)	0.1462	0.1471
Industrial Sales	674,177	691,296	(17,119)	4,946,504	5,094,544	(148,040)	0.1363	0.1357
Private Lighting	76,745	74,333	2,412	315,080	315,080	0	0.2436	0.2359
Total Private Customers	7,286,714	7,674,683	(387,969)	52,763,363	55,098,051	(2,334,688)	0.1381	0.1393
Municipal Sales								
Street Lighting	46,170	61,384	(15,214)	300,970	300,970	0	0.1534	0.2040
Municipal Buildings	393,509	385,335	8,174	2,643,762	2,534,071	109,691	0.1488	0.1521
Total Municipal Sales	439,679	446,719	(7,040)	2,944,732	2,835,041	109,691	0.1493	0.1576
Total Sales of Electricity	<u>\$ 7,726,393</u>	<u>\$ 8,121,402</u>	<u>\$ (395,009)</u>	<u>55,708,095</u>	<u>57,933,092</u>	<u>(2,224,997)</u>	<u>\$ 0.1387</u>	<u>\$ 0.1402</u>

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