

**WEST BOYLSTON MUNICIPAL LIGHTING PLANT
AND SUBSIDIARY**
Financial Statements
December 31, 2021 and 2020

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

Qualified Opinion

We have audited the financial statements of West Boylston Municipal Lighting Plant and Subsidiary (the "Plant") which comprise the statements of net position as of December 31, 2021 and 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects on the accompanying 2020 financial statements of reporting the Plant's December 31, 2020 portion of the net pension liability (NPL) as described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Plant as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on the 2021 Financial Statements

The Plant has reported its December 31, 2020 portion of the 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, 2018. The amount by which this departure would affect the assets, liabilities, net position, and revenues of the Plant has not been determined.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plant and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the 2020 financial statements and for our opinion on the 2021 financial statements.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plant's ability to continue as a going concern for the years ended December 31, 2021 and 2020.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note 1, the financial statements 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, 2021 and 2020, 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 four through seven and 43 through 46 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 47 through 54 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts

April 28, 2022

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, 2021. 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, 2021, it shows our net worth has increased by 8.8% over the year ended December 31, 2020.

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 pages, our income for December 31, 2021 and 2020 was \$1,228,827 and \$1,041,759, 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>2021</u>	<u>2020</u>
Current Assets	\$ 7,630,530	\$ 7,942,491
Noncurrent Assets	<u>20,000,090</u>	<u>19,758,154</u>
Total Assets	<u>27,630,620</u>	<u>27,700,645</u>
Deferred Outflows of Resources	<u>1,106,193</u>	<u>1,111,139</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 28,736,813</u>	<u>\$ 28,811,784</u>
Current Liabilities	\$ 1,189,865	\$ 1,388,265
Noncurrent Liabilities	<u>7,443,249</u>	<u>8,204,986</u>
Total Liabilities	<u>8,633,114</u>	<u>9,593,251</u>
Deferred Inflows of Resources	<u>4,959,725</u>	<u>5,303,386</u>
Net Position:		
Net Investment in Capital Assets	7,427,441	6,177,746
Net Position Restricted for Depreciation	3,397,504	3,150,440
Unrestricted Net Position	<u>4,319,029</u>	<u>4,586,961</u>
Total Net Position	<u>15,143,974</u>	<u>13,915,147</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 28,736,813</u>	<u>\$ 28,811,784</u>

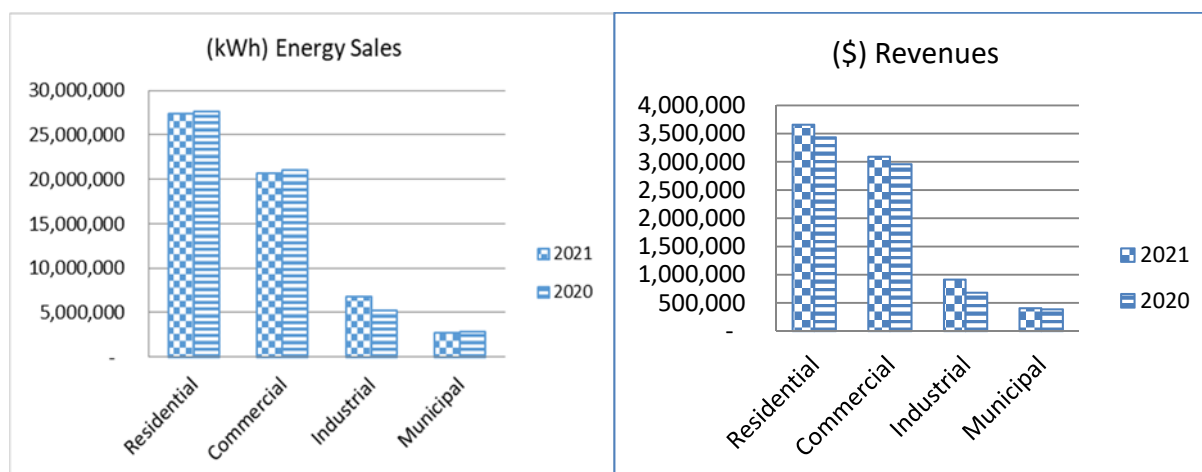
Summary of Changes in Net Position

	<u>2021</u>	<u>2020</u>
Operating Revenues	\$ 8,138,631	\$ 7,576,983
Operating Expenses	<u>6,774,323</u>	<u>6,719,854</u>
Operating Income	1,364,308	857,129
Non-operating Revenues (Expenses)	<u>(135,481)</u>	<u>184,630</u>
Income Before Contributions and Transfers	1,228,827	1,041,759
Beginning Net Position	<u>13,915,147</u>	<u>12,873,388</u>
Ending Net Position	<u>\$ 15,143,974</u>	<u>\$ 13,915,147</u>

Financial Highlights

Revenue and Kilowatt Hour Sales

The following charts represent total retail kilowatt-hour sales and total revenues by major account class for 2021 and 2020. Our 2021 retail kilowatt-hour sales increased approximately 2% and operating revenues increased approximately 7.4%. The increase in kilowatt-hours sales was primarily due to higher industrial kWh's and revenues increased because higher power and transmission expenses resulted in lower customer wide discounts through our purchase power adjustment (PPA).



Customer Base

WBMLP provided electric service to 3,165 residents, 494 businesses and 73 municipal and government customers in 2021. 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 7.5% of the total kilowatt-hour sales in 2021. The next 34 largest customers represent only 0.3% - 2.5% 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 and Environment

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 energy generation and adopted a Greenhouse Gas Emission Standard (GGES) in 2020. The GGES became state law in 2021 and now applies to all municipal light departments in the Commonwealth. Our GGES goal is “Net Zero” greenhouse gas emissions by 2050 with interim goals of 50% and 75% by 2030 and 2040 respectively. 54% of WBMLPs energy supply did not emit greenhouse gas emissions (GHGs) in 2021. Over time, WBMLP will need to invest in additional renewable and clean energy qualified generation in order to meet our net-zero GGES goal by 2050.

Power supply and transmission expenses represent 60-70% of WBMLP’s annual operating budget. WBMLP purchased 81% of its 2021 annual energy supply through long-term contracts, power purchase agreements, hedges, and asset ownership. This energy strategy typically provides certain fixed volumes of energy at fixed or known prices. 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. Our long-term energy portfolio includes a mix of existing clean energy supply obligations that extend beyond 2035.

The largest components of our 2021 power supply were two, zero greenhouse gas (GHG) emitting, nuclear energy projects, representing approximately 43% of our power supply purchases. WBMLP expects the Millstone and Seabrook nuclear projects to operate and generate electricity through 2045 and 2050 respectively. 10% of our power supply in 2021 came from energy hedge contracts that provide fixed amounts of energy and prices for timeframes lasting up to five years. Hydroelectricity is another important component comprising 12% of our energy supply in 2021 and included imported, low-cost clean hydroelectricity from New York and Canada for the specific benefit of our residential ratepayers. The remaining components of our 2021 power supply were generated from 7% wind, 7% solar, 1% natural gas, and 0.1% oil sources. The remaining 19% of our 2021 annual energy supply was considered “open” to market forces and fulfilled through ISO-NE day-ahead and real-time energy market purchases.

Renewable and clean energy is defined in Massachusetts as generation that includes wind, solar, nuclear, geothermal, biomass, landfill gas, hydroelectricity, digester gas and waste energy. These renewable and clean energy sources generate environmental attributes called “Renewable Energy Credits (RECs)” and “Clean Energy Credits (CECs)”. WBMLP sold the RECs from our Berkshire wind project and the three solar generation systems located within West Boylston in 2021. Since we sell these RECs we do not count this energy towards our GGES yet. WBMLP will continue to sell our RECs until we pay off the construction loans used to invest in this renewable energy. Once WBMLP retires these RECs, we will include these additional amounts of non GHG emitting energy supply towards our GGES. WBMLP does not purchase or own the RECs from the small-scale hydroelectricity we purchase from New Hampshire and the wind energy we purchase from Princeton Wind and Hancock Wind. However, 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 continued operation.

Utility Plant

The Lighting Plant and Cooperative’s investment in utility plant assets, net of accumulated depreciation, as of December 31, 2021 and 2020 was \$11,394,962 and \$11,006,184 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 a minimum of two months energy and transmission costs in an account from which it can pay our obligations when they are due. MMWEC replenishes the fund as needed from our actual monthly invoice payments. Currently our power costs are approximately \$425,000 per month. The balance in this fund as of December 31, 2021 and 2020 was \$998,365 and \$996,953 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 sets aside 3% of the cost of plant to be used for capital improvements and additions for the years ending December 31, 2021 and 2020. Our depreciation fund balance on December 31, 2021 and 2020 was \$3,397,504 and \$3,150,440 respectively.

Rate Stabilization Fund

WBMLP established a rate stabilization fund which is managed by MMWEC. This fund represents a reserve of approximately six to twelve months energy and transmission costs in the event of a national emergency, terrorism, war, fuel supply disruptions, 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 and regional transmission system.

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. 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-NE, 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 on December 31, 2021 and 2020 was \$4,392,500 and \$4,747,642 respectively.

Other Post-Employment Benefits (OPEB)

WBMLP's Plan Fiduciary Net Position was \$1,357,102 and the liability was \$1,843,758 at the end of 2021. WBMLP's OPEB funded ratio is 73.6%. WBMLP's Board of Light Commissioners authorized additional annual payments to fully fund our OPEB liability.

Significant Developments

Rates

WBMLP's average electricity rates continue to remain lower than investor-owned utility rates in Massachusetts in 2021. Our electricity rates have remained the same since 2009 and we don't expect a rate increase in 2022. In 2021, the average homeowner in West Boylston consumed approximately 722 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, 2021 AND 2020

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Operating Cash	\$ 4,403,724	\$ 4,692,913
Petty Cash	1,800	1,800
Customer Accounts Receivable, Net	64,328	144,308
Accounts Receivable - Other	891,832	980,214
Interest Receivable	6,855	15,537
Unbilled Revenue	684,654	549,180
Materials and Supplies	530,256	504,625
Prepaid Expenses	15,065	21,741
Prepaid Purchased Power	33,651	35,220
Purchased Power Working Capital	998,365	996,953
	<u>7,630,530</u>	<u>7,942,491</u>
TOTAL CURRENT ASSETS		
	<u>7,630,530</u>	<u>7,942,491</u>
NONCURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Customer Deposits	157,492	158,618
Depreciation Fund	3,397,504	3,150,440
Funds on Deposit with MMWEC		
Pooled Financing	410,941	448,579
Investments	14,718	14,718
Preliminary Surveys	231,973	231,973
Rate Stabilization Fund	4,392,500	4,747,642
Utility Plant Assets, Net	11,394,962	11,006,184
	<u>20,000,090</u>	<u>19,758,154</u>
TOTAL NONCURRENT ASSETS		
	<u>20,000,090</u>	<u>19,758,154</u>
TOTAL ASSETS		
	<u>27,630,620</u>	<u>27,700,645</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pensions	685,715	719,317
Deferred Outflows of Resources Related to OPEB	420,478	391,822
	<u>1,106,193</u>	<u>1,111,139</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES		
	<u>1,106,193</u>	<u>1,111,139</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 28,736,813</u>	<u>\$ 28,811,784</u>

See Accompanying Notes to the Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES:		
Accounts Payable	\$ 676,588	\$ 811,439
Accrued Expenses	64,372	59,252
Pooled Financing Loan	312,007	312,007
Bond Payable	<u>136,898</u>	<u>205,567</u>
TOTAL CURRENT LIABILITIES	<u>1,189,865</u>	<u>1,388,265</u>
NONCURRENT LIABILITIES:		
Customer Deposits	157,492	158,618
Net Pension Liability	3,267,911	3,250,391
Other Postemployment Benefit Obligation	486,656	474,194
Pooled Financing Loan, Net of Current Portion	2,860,064	3,172,071
Bond Payable, Net of Current Portion	658,552	1,138,793
Customer Advances for Construction	<u>12,574</u>	<u>10,919</u>
TOTAL NONCURRENT LIABILITIES	<u>7,443,249</u>	<u>8,204,986</u>
TOTAL LIABILITIES	<u>8,633,114</u>	<u>9,593,251</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources Related to Pensions	375,244	341,544
Deferred Inflows of Resources Related to OPEB	170,450	192,003
Contribution in Aid of Construction	21,531	22,197
Reserve for Rate Stabilization	<u>4,392,500</u>	<u>4,747,642</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,959,725</u>	<u>5,303,386</u>
NET POSITION:		
Net Investment in Capital Assets	7,427,441	6,177,746
Net Position Restricted for Depreciation	3,397,504	3,150,440
Unrestricted Net Position	<u>4,319,029</u>	<u>4,586,961</u>
TOTAL NET POSITION	<u>15,143,974</u>	<u>13,915,147</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 28,736,813</u></u>	<u><u>\$ 28,811,784</u></u>

See Accompanying Notes to the 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, 2021 AND 2020

OPERATING FUND

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES:		
Sales of Electricity	\$ 8,067,194	\$ 7,462,191
Other Operating Revenues	<u>71,437</u>	<u>114,792</u>
TOTAL OPERATING REVENUES	<u>8,138,631</u>	<u>7,576,983</u>
OPERATING EXPENSES:		
Operations and Maintenance	6,182,227	6,121,327
Depreciation	<u>592,096</u>	<u>598,527</u>
TOTAL OPERATING EXPENSES	<u>6,774,323</u>	<u>6,719,854</u>
OPERATING INCOME	<u>1,364,308</u>	<u>857,129</u>
NONOPERATING REVENUES (EXPENSES):		
Grant Income	10,915	50,938
Investment Income (Loss)	(18,837)	282,805
Interest Expense	(129,457)	(151,016)
Amortization of Bond Premium	<u>1,898</u>	<u>1,903</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(135,481)</u>	<u>184,630</u>
Income Before Contributions and Transfers	1,228,827	1,041,759
NET POSITION - JANUARY 1	<u>13,915,147</u>	<u>12,873,388</u>
NET POSITION - DECEMBER 31	<u><u>\$ 15,143,974</u></u>	<u><u>\$ 13,915,147</u></u>

See Accompanying Notes to the Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

OPERATING FUND

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 8,246,853	\$ 7,643,243
Other Operating Cash Receipts - Solar Renewable Energy Credits	82,911	107,389
Cash Paid to Suppliers	(5,046,434)	(4,527,464)
Cash Paid to Employees	(1,112,419)	(1,000,274)
Cash Paid for Benefits	<u>(590,774)</u>	<u>(587,336)</u>
Net Cash Provided by Operating Activities	<u>1,580,137</u>	<u>1,635,558</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interest Expense	<u>1,687</u>	<u>(615)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Grant Income	10,915	50,938
Additions to Plant Assets	(981,540)	(740,667)
Customer Advances for Construction	1,655	10,918
Repayments on Long Term Debt	(859,019)	(515,676)
Net Transfers to Depreciation Fund	(200,939)	(222,092)
Transfers to Pooled Financing Reserve Fund	37,638	67,062
Interest Expense	<u>(113,026)</u>	<u>(130,635)</u>
Net Cash Used in Capital Financing Activities	<u>(2,104,316)</u>	<u>(1,480,152)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Income	(25,779)	32,859
Transfers to OPEB Trust Fund	(60,000)	(60,000)
Transfers from Rate Stabilization	323,286	0
Purchase of Investments	(1,719,784)	(2,010,271)
Proceeds from Sales and Maturities of Investments	<u>1,741,935</u>	<u>1,991,526</u>
Net Cash Provided (Used) in Investing Activities	<u>259,658</u>	<u>(45,886)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(262,834)	108,905
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>2,492,950</u>	<u>2,384,045</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u><u>\$ 2,230,116</u></u>	<u><u>\$ 2,492,950</u></u>

See Accompanying Notes to the Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

OPERATING FUND

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 1,364,308	\$ 857,129
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	592,096	598,527
Rate Stabilization Reserve	(355,142)	185,899
Pension Expense	333,692	356,880
OPEB Expense	22,253	849
Changes in Assets and Liabilities		
(Increase) Decrease in:		
Accounts Receivable - Customers	79,980	(18,668)
Accounts Receivable - Other	88,382	(397,923)
Deferred Outflows of Resources Related to Pensions	(248,869)	(247,444)
Unbilled Revenue	(135,474)	239,356
Materials and Supplies	(25,631)	(30,088)
Prepaid Expenses	6,676	2,935
Prepaid Purchased Power	1,569	(3,539)
Preliminary Surveys	0	(6,592)
Increase (Decrease) in:		
Accounts Payable	(147,697)	91,388
Accrued Expenses	5,120	11,166
Customer Deposits	(1,126)	(4,317)
Net Cash Provided by Operating Activities	<u>\$ 1,580,137</u>	<u>\$ 1,635,558</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>2021</u>	<u>2020</u>
Petty Cash	\$ 1,800	\$ 1,800
Operating Cash	1,989,047	2,290,259
Operating Money Market	81,777	42,273
Customer Deposits	<u>157,492</u>	<u>158,618</u>
	<u>\$ 2,230,116</u>	<u>\$ 2,492,950</u>

See Accompanying Notes to the Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2021 AND 2020

OPEB TRUST FUND

ASSETS

	<u>2021</u>	<u>2020</u>
Funds on Deposit with MMWEC		
Cash and Cash Equivalents	\$ 1,357,102	\$ 1,142,345

NET POSITION

FIDUCIARY NET POSITION - Restricted	<u>\$ 1,357,102</u>	<u>\$ 1,142,345</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, 2021 AND 2020

OPEB TRUST FUND

	<u>2021</u>	<u>2020</u>
ADDITIONS:		
Net Investment Income	\$ 154,757	\$ 134,290
Contributions	<u>60,000</u>	<u>60,000</u>
Total Additions	<u>214,757</u>	<u>194,290</u>
CHANGE IN FIDUCIARY NET POSITION	214,757	194,290
FIDUCIARY NET POSITION - JANUARY 1	<u>1,142,345</u>	<u>948,055</u>
FIDUCIARY NET POSITION - DECEMBER 31	<u>\$ 1,357,102</u>	<u>\$ 1,142,345</u>

See Accompanying Notes to the Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020.

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.

Reclassification

Certain prior year amounts have been reclassified to conform to the 2021 presentation.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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 residential, commercial, and industrial customers within the Town of West Boylston. The rates are designed to recover the costs incurred by the Plant for products and services provided along with a return on investment.

The performance obligation for electricity sales is to provide electricity to the customer on demand. 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 immediately as the customer simultaneously receives and consumes the electricity as the Plant provides this service. The Plant records revenues related to the electricity sales based upon the effective rates and the volume delivered to the customers, which corresponds with the amount the 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 rate to those volumes.

The Lighting Plant has a purchased power adjustment clause pursuant to which increased purchased power costs (costs in excess of amounts recovered through base rates) are billable to customers. The Lighting Plant records estimated unbilled purchased power adjustment charge revenue at the end of accounting periods, which is reflected as a deferred inflow or outflow of resources in the accompanying statements of net position.

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

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 120 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.

Taxes

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

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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, 2021 and 2020, 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.

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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 – CASH AND INVESTMENTS (Continued):

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, Mutual Funds 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.

The table on the following page 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, 2021 and 2020. As of December 31, 2021 and 2020, the Lighting Plant did not have any investments that were measured using Level 2 or Level 3 inputs.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 – CASH AND INVESTMENTS (Continued):

Operating and Depreciation Fund Investments (continued)

	December 31, 2021 Quoted Prices in Active Markets for Identical Assets (All Level 1)	December 31, 2020 Quoted Prices in Active Markets for Identical Assets (All Level 1)
<u>FMV Investments:</u>		
Corporate Bonds:		
Credit Rating		
AAA	\$ 176,169	\$ 50,047
AA-	0	348,895
A+	1,130,687	485,946
A	301,704	
A-	296,481	297,236
BBB+	336,342	762,315
BBB	679,316	204,896
Mutual Funds	500,549	206,813
U.S. Government Securities	<u>1,841,569</u>	<u>1,448,348</u>
Total FMV Investments	<u>5,262,817</u>	<u>3,804,496</u>
<u>Other Securities:</u>		
Money Markets	189,525	153,755
Certificates of Deposit	<u>359,839</u>	<u>1,594,844</u>
Total Other Securities	<u>549,364</u>	<u>1,748,599</u>
 Total Investments	 <u>\$ 5,812,181</u>	 <u>\$ 5,553,095</u>

	Ratings as of Year End	2021 Fair Value	2021 Under 1 Year	2021 1-5 Years	2020 Fair Value
<u>Term Securities</u>					
Certificate of Deposit	Exempt	<u>\$ 359,839</u>	<u>\$ 290,000</u>	<u>\$ 69,839</u>	<u>\$ 1,594,844</u>

The following accounts were considered investments as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Operating Fund	\$ 2,414,677	\$ 2,402,655
Depreciation Fund	<u>3,397,504</u>	<u>3,150,440</u>
 Total Investments	 <u>\$ 5,812,181</u>	 <u>\$ 5,553,095</u>

As of December 31, 2021, 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, 2021 AND 2020

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>2021</u>	<u>2020</u>
Accounts Receivable	\$ 75,856	\$ 155,836
Less: Allowance for Doubtful Accounts	<u>(11,528)</u>	<u>(11,528)</u>
Accounts Receivable, Net	<u>\$ 64,328</u>	<u>\$ 144,308</u>

NOTE 4 – ACCOUNTS RECEIVABLE - OTHER:

Accounts Receivable – Other consists of the following:

	<u>2021</u>	<u>2020</u>
Merchandise and Jobbing	\$ 100,247	\$ 72,028
Solar Renewable Energy Credits Receivable	708,204	781,657
Berkshire Wind Renewable Energy Credits Receivable	60,969	89,510
Liens Receivable	<u>22,412</u>	<u>37,019</u>
Total Other Accounts Receivable	<u>\$ 891,832</u>	<u>\$ 980,214</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, 2021 and 2020 is \$998,365 and \$996,953, respectively. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2021 and 2020 was \$20,313,510 and \$21,492,905, respectively, of which West Boylston Municipal Lighting Plant's ownership was approximately 4.91% and 4.64%, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020 was \$4,392,500 and \$4,747,642, 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, 2021 and 2020 was \$87,646,556 and \$88,587,446, respectively, of which West Boylston Municipal Lighting Plant's ownership was approximately 5.01% and 5.36%, 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, 2021 and 2020 was \$33,742. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2021 and 2020 was \$4,185,076 and \$4,349,339, respectively, of which West Boylston Municipal Lighting Plant's ownership was approximately 0.81% and 0.78%, 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, 2021 and 2020, 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, 2021 AND 2020

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 2021 and 2020 was \$10,000.

Future minimum lease payments are as follows:

For the year ended December 31,	2022	\$	10,000
	2023		10,000
	2024		10,000
	2025		10,000
	2026		10,000
	Thereafter		<u>150,000</u>
	Total	\$	<u>200,000</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 termed out 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, 2021 and 2020 was \$3,172,071 and \$3,484,078, respectively. Interest expense relating to this loan was \$111,259 and \$121,342 for the years ended December 31, 2021 and 2020, respectively.

	<u>2021</u>	<u>2020</u>
Note Payable with Pooled Loan with MMWEC payable in monthly installments including a fixed interest rate of 3.15%. Due March 2032.	\$ 3,172,071	\$ 3,484,078
Less: Current Maturities	<u>(312,007)</u>	<u>(312,007)</u>
Long-Term Notes Payable, Less Current Portion	<u>\$ 2,860,064</u>	<u>\$ 3,172,071</u>

Future maturities of the note payable are as follows:

For the year ended December 31,	2022	\$	312,007
	2023		312,007
	2024		312,007
	2025		312,007
	2026		312,007
	Thereafter		<u>1,612,036</u>
	Total	\$	<u>3,172,071</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020 was \$410,941 and \$448,579, 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, 2021 and 2020, the principal amount outstanding was \$785,000 and \$920,000, respectively. Interest expense relating to this bond was \$18,350 and \$21,050 for the years ended December 31, 2021 and 2020, respectively.

Maturities of the bonds are shown as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For Years Ending December 31,	2022	\$ 135,000	\$ 15,650	\$ 150,650
	2023	130,000	13,000	143,000
	2024	130,000	10,238	140,238
	2025	130,000	7,312	137,312
	2026	130,000	5,850	135,850
	2027	<u>130,000</u>	<u>2,925</u>	<u>132,925</u>
	Total	785,000	<u>\$ 54,975</u>	<u>\$ 839,975</u>
Plus: Unamortized Net Premiums		10,450		
Less: Current Maturities of Long Term Debt		<u>136,898</u>		
		<u>\$ 658,552</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. During the years ended December 31, 2021 and 2020, the Lighting Plant received grant funding in the amount of \$10,915 and \$50,938, respectively. As of December 31, 2021, the Lighting Plant has received a total of \$219,519 related to this grant.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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. As of September 29, 2021, the Co-op was dissolved and all assets were transferred to West Boylston Municipal Lighting Plant. As of December 31, 2021 and 2020, the total advance to the Cooperative was \$0 and \$815,564, respectively.

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, 2021 and 2020, sales to these departments totaled \$376,043 and \$415,824, respectively. At December 31, 2021 and 2020, the amounts due from these departments were \$12,198 and \$17,420, respectively.

During the years ended December 31, 2021 and 2020, the Lighting Plant reimbursed the Town \$525,353 and \$459,087, respectively. At December 31, 2021 and 2020, amounts payable to the Town were \$2,012 and \$18,939, respectively.

NOTE 14 – UTILITY PLANT ASSETS:

	Balance January 1, 2021	Increases	Decreases	Balance December 31, 2021
Capital Assets Not Being Depreciated:				
Land	\$ 895,922	\$ 0	\$ 0	\$ 895,922
Construction in Progress	<u>427,556</u>	<u>378,102</u>	<u>(717,700)</u>	<u>87,958</u>
Total Capital Assets Not Being Depreciated	<u>1,323,478</u>	<u>378,102</u>	<u>(717,700)</u>	<u>983,880</u>
Capital Assets Being Depreciated:				
Distribution Plant	10,773,379	255,169	(18,093)	11,010,455
General Plant	2,775,259	956,045	0	3,731,304
Generation Plant	<u>6,245,604</u>	<u>109,924</u>	<u>0</u>	<u>6,355,528</u>
Total Capital Assets Being Depreciated	<u>19,794,242</u>	<u>1,321,138</u>	<u>(18,093)</u>	<u>21,097,287</u>
Less Accumulated Depreciation for:				
Distribution Plant	(6,781,438)	(322,114)	18,093	(7,085,459)
General Plant	(1,935,562)	(83,280)	0	(2,018,842)
Generation Plant	<u>(1,394,536)</u>	<u>(187,368)</u>	<u>0</u>	<u>(1,581,904)</u>
Total Accumulated Depreciation	<u>(10,111,536)</u>	<u>(592,762)</u>	<u>18,093</u>	<u>(10,686,205)</u>
Capital Assets Being Depreciated, Net	<u>9,682,706</u>	<u>728,376</u>	<u>0</u>	<u>10,411,082</u>
Utility Plant Assets, Net	<u>\$ 11,006,184</u>	<u>\$ 1,106,478</u>	<u>\$ (717,700)</u>	<u>\$ 11,394,962</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 15 – NET INVESTMENT IN CAPITAL ASSETS:

	<u>2021</u>	<u>2020</u>
Cost of Capital Assets Acquired	\$ 22,081,167	\$ 21,117,720
Less: Accumulated Depreciation	(10,686,205)	(10,111,536)
Less: Outstanding Debt Related to Capital Assets	<u>(3,967,521)</u>	<u>(4,828,438)</u>
Net Investment in Capital Assets	<u>\$ 7,427,441</u>	<u>\$ 6,177,746</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, 2021 AND 2020

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, 2021 and 2020 were \$247,444 and \$222,238, respectively, which were paid during calendar year 2020 and 2019, respectively.

Pension Liabilities

At December 31, 2021 and 2020, the Lighting Plant reported a liability of \$3,267,911 and \$3,250,391, respectively for its proportionate share of the net pension liability. The 2021 and 2020 net pension liability was measured as of December 31, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 and 2018, 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 the measured date of December 31, 2020 and 2019, the Town's proportion was 2.13% and 2.14%, 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, 2020 and 2019. At the measured date of December 31, 2021 and 2020, the Plant's portion was 17.28% and 17.03%, respectively, of the Town's total contributions.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 16 – PENSION PLAN (Continued):

Pension Expense

For the years ended December 31, 2021 and 2020, the Plant recognized a pension expense of \$333,692 and \$356,880, respectively. At December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Differences between expected and actual experience	\$ 4,446	\$ 9,545
Changes of assumptions	202,305	181,671
Changes in proportion and differences between employer contributions and Plant proportionate share	230,095	280,657
Plant contributions subsequent to the measurement date	<u>248,869</u>	<u>247,444</u>
Total	<u>\$ 685,715</u>	<u>\$ 719,317</u>
<u>Deferred Inflows of Resources Related to Pension</u>	<u>2021</u>	<u>2020</u>
Differences between expected and actual experience	\$ 84,815	\$ 19,474
Net difference between projected and actual earnings on pension plan investments	168,840	89,277
Changes in proportion and differences between employer contributions and Plant proportionate share	<u>121,589</u>	<u>232,793</u>
Total	<u>\$ 375,244</u>	<u>\$ 341,544</u>

Of the total amount reported as deferred outflows of resources related to pension, \$248,689 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, 2022. 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:		
2022	\$	109,591	2022	\$	151,804
2023		103,477	2023		55,860
2024		103,476	2024		55,860
2025		64,575	2025		55,860
2026		<u>55,727</u>	2026		<u>55,860</u>
Total	\$	<u>436,846</u>	Total	\$	<u>375,244</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 16 – PENSION PLAN (Continued):

Actuarial Assumptions

The total pension liability as of December 31, 2021 was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2020
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, 2036. 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	15 years, except for ERI for 2002 and 2003 (7 years) and 2010 (1 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	2.2% per year
Projected Salary Increases	<p>Group 1: 4.25%-6.00%, based on service</p> <p>Group 4: 4.75%-7.00%, 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-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2018.
Disabled Retirees	RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2018.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 16 – PENSION PLAN (Continued):

Actuarial Assumptions (continued)

Investment Rate of Return 7.5%, net of pension plan investment expense, including inflation

Annuity Savings Fund Interest Rate 2.00% 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, 2020 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%	4.38%
Core Fixed Income	15%	0.05%
Value-Added Fixed Income	8%	4.00%
Private Equity	13%	8.00%
Real Estate	10%	3.80%
Timberland	4%	4.40%
Portfolio Completion Strategies	11%	3.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that member employer contributions will be made in accordance with Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability calculated using the discount rate of 7.5%, as well as what the net pension 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:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Proportionate share of the Net Pension Liability	\$ 4,025,840	\$ 3,267,911	\$ 2,627,965

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 16 – PENSION PLAN (Continued):

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, 2021 and 2020 was \$1,357,102 and \$1,142,345, 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.

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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

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, 2021 and 2020.

- 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, 2021 and 2020. As of December 31, 2021 and 2020, the Plant did not have any investments that were measured using Level 2 or Level 3 inputs.

	December 31, 2021 Quoted Prices in Active Markets for Identical Assets (All Level 1)	December 31, 2020 Quoted Prices in Active Markets for Identical Assets (All Level 1)
<u>FMV Investments:</u>		
Mutual Funds	\$ 1,345,996	\$ 1,120,031
<u>Other Securities:</u>		
Money Market	11,106	22,314
Total	<u>\$ 1,357,102</u>	<u>\$ 1,142,345</u>

As of December 31, 2021 and 2020, there were no investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represented 5% or more of total investments.

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

Plan Administration

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

Plan Membership

At the measurement date of December 31, 2021, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	11
Active plan members	<u>11</u>
Total Number of Participants	<u>22</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

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 December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Total OPEB Liability	\$ 1,843,758	\$ 1,616,539
Fiduciary Net Position	<u>(1,357,102)</u>	<u>(1,142,345)</u>
Net OPEB Liability	<u>\$ 486,656</u>	<u>\$ 474,194</u>

Fiduciary net position as a percentage of the total OPEB liability was 73.61% and 70.67% as of December 31, 2021 and 2020, respectively.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, using the following assumptions, applied to all periods included in the measurement:

Asset-Valuation Method	Market value of assets as of the measurement date, December 31, 2021.
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.5%
Investment rate of return	5.24%, net of investment expense, including inflation.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

Actuarial Assumptions (continued)

Annual Compensation Increase	3.0% annually
Municipal Bond Rate	2.25% as of December 31, 2021 (source: S&P Municipal Bond 20-Year High Grade Index)
Pre-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Post-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Disabled Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.

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 December 31, 2021 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity – Large Cap	42.00%	4.42%
Domestic Equity – Small/Mid Cap	7.75%	4.81%
International Equity – Developed Market	6.75%	4.91%
International Equity – Emerging Market	0.00%	5.58%
Domestic Fixed Income	33.25%	1.00%
International Fixed Income	9.5%	1.04%
Alternatives	0.00%	5.98%
Real Estate	0.00%	6.25%
Cash	0.75%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.25%. 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
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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 5.25%, as well as what the net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (4.25%) or 1-percentage point higher (6.25%) than the current rate:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Net OPEB Liability	\$ 736,086	\$ 486,656	\$ 281,515

Sensitivity of the Net OPEB 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 (3.5%) or 1-percentage point higher (5.5%) than the current healthcare cost trend rates:

	1% Decrease 3.5%	Current Healthcare Cost Trend Rates 4.5%	1% Increase 5.5%
Net OPEB Liability	\$ 260,879	\$ 486,656	\$ 763,250

NOTE 18 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, provides an actuarial cost method and discount rate as well as disclosures and methodologies for reporting employer liabilities and OPEB expenses.

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 December 31, 2021, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	11
Active plan members	11
Total Number of Participants	<u>22</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 December 31, 2021, total premiums plus implicit costs for the retiree medical program were \$65,624.

OPEB Liabilities

At December 31, 2021 and 2020 the Lighting Plant reported a liability of \$486,656 and \$474,194, respectively, for its net OPEB liability. The 2021 and 2020 net OPEB liability was measured as of December 31, 2021 and 2020, and was determined by an actuarial valuation as of January 1, 2020.

OPEB Expense

The Lighting Plant recognized OPEB expense of \$87,877 and \$60,079 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Changes of Assumptions	\$ 415,334	\$ 384,107
Net difference between projected and actual earnings on OPEB plan investments	<u>5,144</u>	<u>7,715</u>
Total Deferred Outflows of Resources Related to OPEB	<u>\$ 420,478</u>	<u>\$ 391,822</u>
 <u>Deferred Inflows of Resources Related to OPEB</u>	 <u>2021</u>	 <u>2020</u>
Differences between expected and actual experience	\$ 9,673	\$ 70,458
Net difference between projected and actual earnings on OPEB plan investments	<u>160,777</u>	<u>121,545</u>
Total Deferred Inflows of Resources Related to OPEB	<u>\$ 170,450</u>	<u>\$ 192,003</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:		
	2022	\$ 130,412		2022	\$ 51,935
	2023	130,414		2023	49,923
	2024	127,840		2024	49,922
	2025	<u>31,812</u>		2025	<u>18,670</u>
Total		<u>\$ 420,478</u>	Total		<u>\$ 170,450</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, 2021 and 2020. 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 2021 and 2020 was \$56,088.

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 2021 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, 2021 and 2020, the total advances to the Cooperative were \$0 and \$815,564, respectively.

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.

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

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, the Cooperative incurred charges of \$3,269 and \$6,199, respectively, for services provided by or paid by MMWEC on behalf of the Cooperative. As of December 31, 2021 and 2020, the Cooperative had an outstanding balance due to MMWEC of \$0 and \$1,392, respectively.

WBMLP made advances to the Cooperative to fund project costs. As of December 31, 2021 and 2020, the Cooperative has an outstanding balance due to WBMLP of \$0 and \$815,564, respectively.

As disclosed on the following page, 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 2021 and 2020 was \$3,182 and \$9,774, respectively. The CREB is collateralized by the equipment and the purchase power agreement (PPA) with the West Boylston Municipal Lighting Plant.

In May 2021, the Cooperative paid off the remaining principal balance of the Bond. As of December 31, 2021 and 2020, the outstanding CRED balance was \$0 and \$412,012, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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.

Dissolution of the Cooperative:

On September 29, 2021, the Board of Directors of the MMLD Solar Energy Cooperative voted to dissolve the Cooperative. All assets were transferred to WBMLP, and all future operations and maintenance of the solar field will be the responsibility of WBMLP.

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).

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.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 20 – CONTINGENCIES AND LIABILITIES (Continued):

Berkshire Wind Cooperative Corporation Contingencies and Liabilities (continued)

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, 2021 and 2020, respectively are listed in the table below.

Phase	Percentage Share	Total Capital Expenditures 2021	Debt Service Billed 2021	Debt Service Billed 2020	Operations and Maintenance Billed 2021	Operations and Maintenance Billed 2020
Berkshire Phase 1	5.375%	\$ 2,971,256	\$ 260,137	\$ 258,235	\$ 92,813	\$ 90,737
Berkshire Phase 2	5.374%	880,850	44,545	44,545	35,651	35,693
Total		<u>\$ 3,852,106</u>	<u>\$ 304,682</u>	<u>\$ 302,780</u>	<u>\$ 128,464</u>	<u>\$ 126,430</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 below.

		Total Phase 1 Debt Service	Total Phase 2 Debt Service	Total Berkshire Debt Service
For Years Ending December 31,	2022	\$ 260,177	\$ 59,834	\$ 320,011
	2023	260,123	59,834	319,957
	2024	260,459	59,834	320,293
	2025	260,069	59,834	319,903
	2026	260,311	59,834	320,145
	2027-2031	1,040,749	299,170	1,339,919
	2032-2033	0	388,679	388,679
Total		<u>\$ 2,341,888</u>	<u>\$ 987,019</u>	<u>\$ 3,328,907</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 20 – CONTINGENCIES AND LIABILITIES (Continued):

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 future years for the amounts listed in the table below.

For the year ended December 31,	2022	\$	368,895
	2023		305,843
	2024		159,580
	2025		<u>84,257</u>
	Total	\$	<u>918,575</u>

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.

The Light Department is also a Participant in MMWEC Project 2015A, a capacity reliability resource in Peabody, Massachusetts. Project 2015A is under construction as of December 31, 2021. As of December 31, 2021, the Light Department has contributed \$269,001 for design and construction costs for Project 2015A.

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).

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 20 – CONTINGENCIES AND LIABILITIES (Continued):

MMWEC Contingencies and Liabilities (continued)

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.

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), and amount of required debt service payments (if applicable) under the PSAs associated with the Department's Project Capability of the Projects in which it participates for the years ended December 31, 2021 and 2020, respectively are listed in the table below and in the table on the following page.

<u>Projects</u>	<u>Percentage Share</u>	<u>Total Capital Expenditures 2021</u>	<u>Capacity, Fuel and Transmission Billed 2021</u>	<u>Capacity, Fuel and Transmission Billed 2020</u>
Stony Brook Peaking	2.3041%	\$ 1,427,206	\$ 91,954	\$ 87,029
Stony Brook Int.	1.4135%	2,589,189	205,925	196,304
Nuclear Mix 1-SBK	1.3587%	139,702	5,827	6,372
Nuclear Mix 1-MLS	1.3587%	846,393	90,289	80,723
Nuclear Project 3-MLS	1.7956%	2,720,961	237,736	213,819
Nuclear Project 4-SBK	2.9080%	8,840,081	333,167	364,204
Nuclear Project 5-SBK	0.7204%	592,650	21,236	23,157
Project No. 6-SBK	0.7552%	4,252,745	121,465	132,552
Project 2015A-CapRes	2.6290%	<u>830,112</u>	<u>0</u>	<u>0</u>
		<u>\$ 22,239,039</u>	<u>\$ 1,107,599</u>	<u>\$ 1,104,160</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 20 – CONTINGENCIES AND LIABILITIES (Continued):

MMWEC Contingencies and Liabilities (continued)

<u>Year(s) Ended</u>	<u>Total Project 2015A Debt Service Share 3.06%</u>
2022	\$ 77,482
2023	77,482
2024	112,597
2025	112,398
2026	112,279
2027-2031	560,138
2032-2036	559,249
2037-2041	558,805
2042-2046	557,091
2047-2051	<u>555,448</u>
Total	<u>\$ 3,282,969</u>

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

OPERATING FUND

For the Year Ending December 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Valuation Date	1/1/2020	1/1/2018	1/1/2018	1/1/2016	1/1/2016	1/1/2014	1/1/2014
Measurement Date	12/31/2020	12/31/2019	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	0.3678%	0.3652%	0.3360%	0.3310%	0.3320%	0.3856%	0.4001%
Department's Proportionate Share of the NPL	\$ 3,267,911	\$ 3,250,391	\$ 3,046,520	\$ 2,699,151	\$ 3,271,998	\$ 2,737,718	\$ 2,380,599
Department's Total Employee Payroll	\$ 1,112,419	\$ 1,000,274	\$ 925,929	\$ 822,921	\$ 822,437	\$ 782,817	\$ 780,072
NPL as a Percentage of Total Employee Payroll	293.77%	324.95%	329.02%	328.00%	397.84%	349.73%	305.18%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	50.30%	47.36%	43.05%	46.40%	42.00%	44.52%	47.94%

Schedule of Contributions:

Actuarially Determined Contributions	\$ 247,444	\$ 222,338	\$ 187,054	\$ 167,489	\$ 189,754	\$ 173,511	\$ 158,098
Contributions in Relation to the Actuarially Determined Contribution	<u>247,444</u>	<u>222,338</u>	<u>187,054</u>	<u>167,489</u>	<u>189,754</u>	<u>173,511</u>	<u>158,098</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Department's Total Employee Payroll	\$ 1,112,419	\$ 1,000,274	\$ 925,929	\$ 822,921	\$ 822,437	\$ 782,817	\$ 780,072
Contributions as a Percentage of the Department's Total Employee Payroll	22.24%	22.23%	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

	2021	2020	2019	2018	2017
Total OPEB Liability:					
Service Cost	\$ 36,531	\$ 34,202	\$ 13,317	\$ 12,744	\$ 16,317
Interest	97,244	82,512	78,728	93,715	91,592
Differences between Expected and Actual Experience	0	(16,123)	0	(241,256)	0
Changes of Assumptions	159,068	480,134	0	0	0
Benefit Payments	(65,624)	(59,230)	(65,599)	(65,599)	(86,095)
Net Change in Total OPEB Liability	<u>227,219</u>	<u>521,495</u>	<u>26,446</u>	<u>(200,396)</u>	<u>21,814</u>
Total OPEB Liability - Beginning	1,616,539	1,095,044	1,068,598	1,268,994	1,247,180
Total OPEB Liability - Ending	<u><u>\$ 1,843,758</u></u>	<u><u>\$ 1,616,539</u></u>	<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	\$ 125,624	\$ 119,230	\$ 122,823	\$ 62,755	\$ 81,222
Net Investment Income	154,757	195,479	47,784	63,705	75,047
Benefit Payments	(65,624)	(59,230)	(61,262)	(61,262)	(79,889)
Administrative Expenses	0	0	(1,562)	(1,493)	(1,333)
Net Change in Plan Fiduciary Net Position	<u>214,757</u>	<u>255,479</u>	<u>107,783</u>	<u>63,705</u>	<u>75,047</u>
Plan Fiduciary Net Position - Beginning	1,142,345	886,866	779,083	715,378	640,331
Plan Fiduciary Net Position - Ending	<u><u>\$ 1,357,102</u></u>	<u><u>\$ 1,142,345</u></u>	<u><u>\$ 886,866</u></u>	<u><u>\$ 779,083</u></u>	<u><u>\$ 715,378</u></u>
Net OPEB Liability - Ending	<u><u>\$ 486,656</u></u>	<u><u>\$ 474,194</u></u>	<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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedules of Net OPEB Liability:					
Total OPEB Liability	\$ 1,843,758	\$ 1,616,539	\$ 1,095,044	\$ 1,068,598	\$ 1,268,994
Plan Fiduciary Net Position	<u>1,357,102</u>	<u>1,142,345</u>	<u>886,866</u>	<u>779,083</u>	<u>715,378</u>
Net OPEB Liability	<u><u>\$ 486,656</u></u>	<u><u>\$ 474,194</u></u>	<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	73.61%	70.67%	80.99%	72.91%	56.37%
Covered Payroll	\$ 1,024,683	\$ 994,838	\$ 851,724	\$ 822,921	\$ 822,437
Net OPEB Liability as a Percentage of Covered Payroll	47.49%	47.67%	24.44%	35.18%	67.31%
Schedules of Employer Contributions:					
Actuarially Determined Contributions	\$ 58,339	\$ 57,446	\$ 62,824	\$ 62,755	\$ 81,222
Contributions in relation to the actuarially determined contribution	<u>(125,624)</u>	<u>(119,230)</u>	<u>(127,161)</u>	<u>(67,092)</u>	<u>(87,428)</u>
Contribution Deficiency (Excess)	<u><u>\$ (67,285)</u></u>	<u><u>\$ (61,784)</u></u>	<u><u>\$ (64,337)</u></u>	<u><u>\$ (4,337)</u></u>	<u><u>\$ (6,206)</u></u>
Covered Payroll	\$ 1,024,683	\$ 994,838	\$ 851,724	\$ 822,921	\$ 822,437
Contributions as a percentage of covered payroll	12.26%	11.98%	14.93%	8.15%	10.63%
Schedules of Investment Returns:					
Annual Money-Weighted rate of Return, net of investment expenses	12.98%	21.00%	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
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021 AND 2020

OPERATING FUND & OPEB TRUST FUND

NOTE A – PENSION PLAN:

Changes in Assumptions

The discount rate was decreased from 7.65% as of the measured date December 31, 2019 to 7.5% as of the measured date December 31, 2020.

NOTE B – OTHER POSTEMPLOYMENT BENEFITS:

Changes in Assumptions

The discount rate was decreased from 6.0% for the year ended December 31, 2020 to 5.25% for the year ended December 31, 2021.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2021</u>				<u>2020</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	\$ 4,403,724	\$ 0	\$ 0	\$ 4,403,724	\$ 4,626,469	\$ 66,444	\$ 0	\$ 4,692,913
Petty Cash	1,800	0	0	1,800	1,800	0	0	1,800
Customer Accounts Receivable, Net	64,328	0	0	64,328	144,308	0	0	144,308
Accounts Receivable - Other	891,832	0	0	891,832	980,214	117,565	(117,565)	980,214
Interest Receivable	6,855	0	0	6,855	15,537	0	0	15,537
Unbilled Revenue	684,654	0	0	684,654	549,180	0	0	549,180
Materials and Supplies	530,256	0	0	530,256	504,625	0	0	504,625
Prepaid Expenses	15,065	0	0	15,065	21,741	0	0	21,741
Prepaid Purchased Power	33,651	0	0	33,651	35,220	0	0	35,220
Purchased Power Working Capital	998,365	0	0	998,365	996,953	0	0	996,953
TOTAL CURRENT ASSETS	<u>7,630,530</u>	<u>0</u>	<u>0</u>	<u>7,630,530</u>	<u>7,876,047</u>	<u>184,009</u>	<u>(117,565)</u>	<u>7,942,491</u>
NONCURRENT ASSETS:								
Funds on Deposit with Town Treasurer								
Customer Deposits	157,492	0	0	157,492	158,618	0	0	158,618
Depreciation Fund	3,397,504	0	0	3,397,504	3,150,440	0	0	3,150,440
Funds on Deposit with MMWEC								
Pooled Financing	410,941	0	0	410,941	448,579	0	0	448,579
Investments	14,718	0	0	14,718	14,718	0	0	14,718
Advances to MMLD Solar Energy Cooperative Corporation	0	0	0	0	815,564	0	(815,564)	0
Preliminary Surveys	231,973	0	0	231,973	231,973	0	0	231,973
Rate Stabilization Fund	4,392,500	0	0	4,392,500	4,747,642	0	0	4,747,642
Utility Plant Assets, Net	11,394,962	0	0	11,394,962	9,895,697	1,110,487	0	11,006,184
TOTAL NONCURRENT ASSETS	<u>20,000,090</u>	<u>0</u>	<u>0</u>	<u>20,000,090</u>	<u>19,463,231</u>	<u>1,110,487</u>	<u>(815,564)</u>	<u>19,758,154</u>
TOTAL ASSETS	<u>27,630,620</u>	<u>0</u>	<u>0</u>	<u>27,630,620</u>	<u>27,339,278</u>	<u>1,294,496</u>	<u>(933,129)</u>	<u>27,700,645</u>
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred Outflows of Resources Related to Pension	685,715	0	0	685,715	719,317	0	0	719,317
Deferred Outflows of Resources Related to OPEB	420,478	0	0	420,478	391,822	0	0	391,822
Amounts Recoverable in the Future	0	0	0	0	0	88,315	(88,315)	0
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>1,106,193</u>	<u>0</u>	<u>0</u>	<u>1,106,193</u>	<u>1,111,139</u>	<u>88,315</u>	<u>(88,315)</u>	<u>1,111,139</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 28,736,813</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,736,813</u>	<u>\$ 28,450,417</u>	<u>\$ 1,382,811</u>	<u>\$ (1,021,444)</u>	<u>\$ 28,811,784</u>

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2021</u>				<u>2020</u>			
	West Boylston Municipal Lighting Plant	Solar Energy Cooperative Corporation	Eliminations	Consolidated Amount	West Boylston Municipal Lighting Plant	Solar Energy Cooperative Corporation	Eliminations	Consolidated Amount
CURRENT LIABILITIES:								
Accounts Payable	\$ 676,588	\$ 0	\$ 0	\$ 676,588	\$ 810,047	\$ 1,392	\$ 0	\$ 811,439
Accrued Expenses	64,372	0	0	64,372	59,252	0	0	59,252
Pooled Financing Loan	312,007	0	0	312,007	312,007	0	0	312,007
Bond Payable	136,898	0	0	136,898	136,898	68,669	0	205,567
TOTAL CURRENT LIABILITIES	1,189,865	0	0	1,189,865	1,318,204	70,061	0	1,388,265
NONCURRENT LIABILITIES:								
Customer Deposits	157,492	0	0	157,492	158,618	0	0	158,618
Net Pension Liability	3,267,911	0	0	3,267,911	3,250,391	0	0	3,250,391
Other Post Employment Benefit Obligation	486,656	0	0	486,656	474,194	0	0	474,194
Pooled Financing Loan, Net of Current Portion	2,860,064	0	0	2,860,064	3,172,071	0	0	3,172,071
Bond Payable, Net of Current Portion	658,552	0	0	658,552	795,450	343,343	0	1,138,793
Customer Advances for Construction	12,574	0	0	12,574	10,919	0	0	10,919
Advances from West Boylston Municipal Lighting Plant	0	0	0	0	0	815,564	(815,564)	0
TOTAL NONCURRENT LIABILITIES	7,443,249	0	0	7,443,249	7,861,643	1,158,907	(815,564)	8,204,986
TOTAL LIABILITIES	8,633,114	0	0	8,633,114	9,179,847	1,228,968	(815,564)	9,593,251
DEFERRED INFLOWS OF RESOURCES:								
Deferred Inflows of Pensions	375,244	0	0	375,244	341,544	0	0	341,544
Deferred Inflows of OPEB	170,450	0	0	170,450	192,003	0	0	192,003
Contribution in Aid of Construction	21,531	0	0	21,531	22,197	0	0	22,197
Billings in Excess of Costs to Participants	0	0	0	0	0	153,843	(153,843)	0
Amounts Recoverable/Payable in the Future	0	0	0	0	88,315	0	(88,315)	0
Reserve for Rate Stabilization	4,392,500	0	0	4,392,500	4,747,642	0	0	4,747,642
TOTAL DEFERRED INFLOWS OF RESOURCES	4,959,725	0	0	4,959,725	5,391,701	153,843	(242,158)	5,303,386
NET POSITION:								
Net Investment in Capital Assets	7,427,441	0	0	7,427,441	5,479,271	698,475	0	6,177,746
Net Position Restricted for Depreciation	3,397,504	0	0	3,397,504	3,150,440	0	0	3,150,440
Unrestricted Net Position	4,319,029	0	0	4,319,029	5,249,158	(698,475)	36,278	4,586,961
TOTAL NET POSITION	15,143,974	0	0	15,143,974	13,878,869	0	36,278	13,915,147
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 28,736,813	\$ 0	\$ 0	\$ 28,736,813	\$ 28,450,417	\$ 1,382,811	\$ (1,021,444)	\$ 28,811,784

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, 2021 AND 2020

OPERATING FUND

	<u>2021</u>				<u>2020</u>			
	West Boylston Municipal Lighting Plant	Solar Energy Cooperative Corporation	Eliminations	Consolidated Amount	West Boylston Municipal Lighting Plant	Solar Energy Cooperative Corporation	Eliminations	Consolidated Amount
OPERATING REVENUES:								
Sales of Electricity	\$ 8,067,194	\$ 0	\$ 0	\$ 8,067,194	\$ 7,462,191	\$ 0	\$ 0	\$ 7,462,191
Other Operating Revenues	71,437	425,076	(425,076)	71,437	114,792	105,180	(105,180)	114,792
TOTAL OPERATING REVENUES	8,138,631	425,076	(425,076)	8,138,631	7,576,983	105,180	(105,180)	7,576,983
OPERATING EXPENSES:								
Operations and Maintenance	6,205,219	25,741	(48,733)	6,182,227	6,204,256	26,737	(109,666)	6,121,327
Depreciation	536,008	56,088	0	592,096	523,743	74,784	0	598,527
TOTAL OPERATING EXPENSES	6,741,227	81,829	(48,733)	6,774,323	6,727,999	101,521	(109,666)	6,719,854
OPERATING INCOME	1,397,404	343,247	(376,343)	1,364,308	848,984	3,659	4,486	857,129
NONOPERATING REVENUES (EXPENSES):								
Grant Income	10,915	0	0	10,915	50,938	0	0	50,938
Investment Income	(18,837)	0	0	(18,837)	282,805	0	0	282,805
Interest Expense	(126,275)	(3,182)	0	(129,457)	(141,242)	(9,774)	0	(151,016)
Amortization of Bond Premium	1,898	0	0	1,898	1,903	0	0	1,903
Amounts Recoverable/Payable in the Future	0	(340,065)	340,065	0	0	6,115	(6,115)	0
TOTAL NONOPERATING REVENUES (EXPENSES)	(132,299)	(343,247)	340,065	(135,481)	194,404	(3,659)	(6,115)	184,630
Income Before Contributions and Transfers	1,265,105	0	(36,278)	1,228,827	1,043,388	0	(1,629)	1,041,759
NET POSITION - JANUARY 1	13,878,869	0	36,278	13,915,147	12,835,481	0	37,907	12,873,388
NET POSITION - DECEMBER 31	<u>\$ 15,143,974</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,143,974</u>	<u>\$ 13,878,869</u>	<u>\$ 0</u>	<u>\$ 36,278</u>	<u>\$ 13,915,147</u>

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

OPERATING FUND

	<u>2021</u>				<u>2020</u>			
	West Boylston Municipal Lighting Plant	Solar Energy Cooperative Corporation	Eliminations	Consolidated Amount	West Boylston Municipal Lighting Plant	Solar Energy Cooperative Corporation	Eliminations	Consolidated Amount
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash Received from Customers	\$ 8,217,485	\$ 29,368	\$ 0	8,246,853	\$ 7,553,998	\$ 89,245	\$ 0	\$ 7,643,243
Other Operating Cash Receipts - Solar Renewable Energy Credits	0	82,911	0	82,911	0	107,389	0	107,389
Cash Paid to Participant - Solar Renewable Energy Credits	0	(82,911)	82,911	0	0	(107,389)	107,389	0
Cash Paid to Suppliers	(5,282,974)	319,451	(82,911)	(5,046,434)	(4,408,508)	(11,567)	(107,389)	(4,527,464)
Cash Paid to Employees	(1,112,419)	0	0	(1,112,419)	(1,000,274)	0	0	(1,000,274)
Cash Paid for Benefits	(590,774)	0	0	(590,774)	(587,336)	0	0	(587,336)
Net Cash Provided by Operating Activities	1,231,318	348,819	0	1,580,137	1,557,880	77,678	0	1,635,558
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Net Transfers to West Boylston Municipal Lighting Plant	69	(69)	0	0	0	0	0	0
Interest Expense	1,687	0	0	1,687	(615)	0	0	(615)
Net Cash Provided (Used) in Noncapital Financing Activities	1,756	(69)	0	1,687	(615)	0	0	(615)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Grant Income	10,915	0	0	10,915	50,938	0	0	50,938
Additions to Plant Assets	(981,540)	0	0	(981,540)	(740,667)	0	0	(740,667)
Customer Advances for Construction	1,655	0	0	1,655	10,918	0	0	10,918
Repayments on Long Term Debt	(447,007)	(412,012)	0	(859,019)	(447,007)	(68,669)	0	(515,676)
Net Transfers to Depreciation Fund	(200,939)	0	0	(200,939)	(222,092)	0	0	(222,092)
Transfers to Pooled Financing Reserve Fund	37,638	0	0	37,638	67,062	0	0	67,062
Interest Expense	(109,844)	(3,182)	0	(113,026)	(120,861)	(9,774)	0	(130,635)
Net Cash Used in Capital Financing Activities	(1,689,122)	(415,194)	0	(2,104,316)	(1,401,709)	(78,443)	0	(1,480,152)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Investment Income	(25,779)	0	0	(25,779)	32,859	0	0	32,859
Transfers to OPEB Trust Fund	(60,000)	0	0	(60,000)	(60,000)	0	0	(60,000)
Transfers from Rate Stabilization	323,286	0	0	323,286	0	0	0	0
Purchase of Investments	(1,719,784)	0	0	(1,719,784)	(2,010,271)	0	0	(2,010,271)
Proceeds from Sales and Maturities of Investments	1,741,935	0	0	1,741,935	1,991,526	0	0	1,991,526
Net Cash Used in Investing Activities	259,658	0	0	259,658	(45,886)	0	0	(45,886)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(196,390)	(66,444)	0	(262,834)	109,670	(765)	0	108,905
CASH AND CASH EQUIVALENTS - JANUARY 1	2,426,506	66,444	0	2,492,950	2,316,836	67,209	0	2,384,045
CASH AND CASH EQUIVALENTS - DECEMBER 31	\$ 2,230,116	\$ 0	\$ 0	\$ 2,230,116	\$ 2,426,506	\$ 66,444	\$ 0	\$ 2,492,950

See Independent Auditors' Report

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

OPERATING FUND

	<u>2021</u>				<u>2020</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	\$ 1,397,404	\$ 343,247	\$ (376,343)	\$ 1,364,308	\$ 848,984	\$ 3,659	\$ 4,486	\$ 857,129
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:								
Depreciation, Net of Amortization	536,008	56,088	0	592,096	523,743	74,784	0	598,527
Rate Stabilization Reserve	(355,142)	0	0	(355,142)	185,899	0	0	185,899
Pension Expense	333,692	0	0	333,692	356,880	0	0	356,880
OPEB Expense	22,253	0	0	22,253	849	0	0	849
Changes in Assets and Liabilities:								
(Increase) Decrease in:								
Accounts Receivable - Customers	79,980	90,351	(90,351)	79,980	(18,668)	(34,539)	34,539	(18,668)
Accounts Receivable - Other	88,382	0	0	88,382	(397,923)	0	0	(397,923)
Deferred Outflows of Resources Related to Pensions	(248,869)	0	0	(248,869)	(247,444)	0	0	(247,444)
Unbilled Revenue	(135,474)	0	0	(135,474)	239,356	0	0	239,356
Materials and Supplies	(25,631)	0	0	(25,631)	(30,088)	0	0	(30,088)
Prepaid Expenses	6,676	0	0	6,676	2,935	0	0	2,935
Prepaid Purchased Power	1,569	0	0	1,569	(3,539)	0	0	(3,539)
Preliminary Surveys	0	0	0	0	(6,592)	0	0	(6,592)
Increase (Decrease) in:								
Accounts Payable	(133,459)	(1,392)	(12,846)	(147,697)	90,524	864	0	91,388
Accrued Expenses	5,120	0	0	5,120	11,166	0	0	11,166
Customer Deposits	(1,126)	0	0	(1,126)	(4,317)	0	0	(4,317)
Billings in Excess of Costs to Participants	0	(139,475)	139,475	0	0	32,910	(32,910)	0
Amounts Recoverable/Payable in the Future	(340,065)	0	340,065	0	6,115	0	(6,115)	0
Net Cash Provided by Operating Activities	<u>\$ 1,231,318</u>	<u>\$ 348,819</u>	<u>\$ 0</u>	<u>\$ 1,580,137</u>	<u>\$ 1,557,880</u>	<u>\$ 77,678</u>	<u>\$ 0</u>	<u>\$ 1,635,558</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	1,989,047	0	0	1,989,047	2,223,815	66,444	0	2,290,259
Operating Money Market	81,777	0	0	81,777	42,273	0	0	42,273
Customer Deposits Cash	157,492	0	0	157,492	158,618	0	0	158,618
	<u>\$ 2,230,116</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,230,116</u>	<u>\$ 2,426,506</u>	<u>\$ 66,444</u>	<u>\$ 0</u>	<u>\$ 2,492,950</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, 2021 AND 2020

OPERATING FUND

	Balance January 1, 2021	Increases	Decreases	Balance December 31, 2021	Balance January 1, 2020	Increases	Decreases	Balance December 31, 2020
Capital Assets Not Being Depreciated:								
Land	\$ 895,922	\$ 0	\$ 0	\$ 895,922	\$ 666,428	\$ 229,494	\$ 0	\$ 895,922
Construction in Progress	427,556	378,102	(717,700)	87,958	425,995	218,523	(216,962)	427,556
Capital Assets Not Being Depreciated	<u>1,323,478</u>	<u>378,102</u>	<u>(717,700)</u>	<u>983,880</u>	<u>1,092,423</u>	<u>448,017</u>	<u>(216,962)</u>	<u>1,323,478</u>
Capital Assets Being Depreciated:								
Distribution Plant	10,773,379	255,169	(18,093)	11,010,455	10,388,999	437,453	(53,073)	10,773,379
General Plant	2,775,259	956,045	0	3,731,304	2,728,601	72,158	(25,500)	2,775,259
Generation Plant	<u>6,245,604</u>	<u>109,924</u>	<u>0</u>	<u>6,355,528</u>	<u>6,245,604</u>	<u>0</u>	<u>0</u>	<u>6,245,604</u>
Total	<u>19,794,242</u>	<u>1,321,138</u>	<u>(18,093)</u>	<u>21,097,287</u>	<u>19,363,204</u>	<u>509,611</u>	<u>(78,573)</u>	<u>19,794,242</u>
Less Accumulated Depreciation For:								
Distribution Plant	(6,781,438)	(322,114)	18,093	(7,085,459)	(6,523,928)	(310,583)	53,073	(6,781,438)
General Plant	(1,935,562)	(83,280)	0	(2,018,842)	(1,879,198)	(81,864)	25,500	(1,935,562)
Generation Plant	<u>(1,394,536)</u>	<u>(187,368)</u>	<u>0</u>	<u>(1,581,904)</u>	<u>(1,188,456)</u>	<u>(206,080)</u>	<u>0</u>	<u>(1,394,536)</u>
Total Accumulated Depreciation	<u>(10,111,536)</u>	<u>(592,762)</u>	<u>18,093</u>	<u>(10,686,205)</u>	<u>(9,591,582)</u>	<u>(598,527)</u>	<u>78,573</u>	<u>(10,111,536)</u>
Capital Assets Being Depreciated, Net	<u>9,682,706</u>	<u>728,376</u>	<u>0</u>	<u>10,411,082</u>	<u>9,771,622</u>	<u>(88,916)</u>	<u>0</u>	<u>9,682,706</u>
Utility Plant Assets, Net	<u>\$ 11,006,184</u>	<u>\$ 1,106,478</u>	<u>\$ (717,700)</u>	<u>\$ 11,394,962</u>	<u>\$ 10,864,045</u>	<u>\$ 359,101</u>	<u>\$ (216,962)</u>	<u>\$ 11,006,184</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, 2021 AND 2020

OPERATING FUND

	<u>2021</u>	<u>2020</u>
POWER PRODUCTION EXPENSES:		
Purchased Power	\$ 2,174,237	\$ 2,232,466
Transmission and Other Purchased Power Charges	<u>1,283,463</u>	<u>1,139,097</u>
TOTAL POWER PRODUCTION EXPENSES	<u>3,457,700</u>	<u>3,371,563</u>
DISTRIBUTION EXPENSES:		
Operation Labor	28,706	38,720
Miscellaneous Distribution Expense	14,965	90,729
Line Expenses	172,157	128,821
Maintenance Expense	803,615	897,857
Supplies Expense	<u>24,804</u>	<u>25,303</u>
TOTAL DISTRIBUTION EXPENSES	<u>1,044,247</u>	<u>1,181,430</u>
CUSTOMER ACCOUNTS:		
Customer Accounting and Collection	208,039	201,703
Meter Reading Expenses	10,932	8,069
Uncollectible Accounts	<u>9,132</u>	<u>13,929</u>
TOTAL CUSTOMER ACCOUNTS	<u>228,103</u>	<u>223,701</u>
GENERAL AND ADMINISTRATIVE EXPENSES:		
Administrative and General Salaries	333,046	227,580
Office Supplies and Expenses	108,503	120,187
Outside Services Employed	192,810	154,883
Injury and Damage Insurance	76,074	66,591
Employees Pensions and Benefits	590,774	587,336
Dues, Meetings, and Other General Expenses	<u>150,970</u>	<u>188,056</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>1,452,177</u>	<u>1,344,633</u>
TOTAL OPERATING AND MAINTENANCE EXPENSES	<u><u>\$ 6,182,227</u></u>	<u><u>\$ 6,121,327</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, 2021 AND 2020

OPERATING FUND

	Net Revenues			Kilowatt Hours Sold			Net Revenue Per Kilowatt Hours Sold	
	2021	2020	Increases (Decreases)	2021	2020	Increases (Decreases)	2021	2020
Sales of Electricity								
Residential Sales	\$ 3,656,600	\$ 3,433,949	\$ 222,651	27,432,501	27,612,261	(179,760)	\$ 0.1333	\$ 0.1244
Commercial Sales	3,010,055	2,878,137	131,918	20,391,830	20,667,607	(275,777)	0.1476	0.1393
Industrial Sales	914,637	682,423	232,214	6,753,156	5,212,793	1,540,363	0.1354	0.1309
Private Lighting	80,472	80,181	291	269,084	315,080	(45,996)	0.2991	0.2545
Total Private Customers	7,661,764	7,074,690	587,074	54,846,571	53,807,741	1,038,830	0.1397	0.1315
Municipal Sales								
Street Lighting	33,485	34,819	(1,334)	263,685	300,970	(37,285)	0.1270	0.1157
Municipal Buildings	371,945	352,682	19,263	2,445,966	2,487,448	(41,482)	0.1521	0.1418
Total Municipal Sales	405,430	387,501	17,929	2,709,651	2,788,418	(78,767)	0.1496	0.1390
Total Sales of Electricity	<u>\$ 8,067,194</u>	<u>\$ 7,462,191</u>	<u>\$ 605,003</u>	<u>57,556,222</u>	<u>56,596,159</u>	<u>960,063</u>	<u>\$ 0.1402</u>	<u>\$ 0.1318</u>

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