



**CONCORD MUNICIPAL
LIGHT PLANT**

ELECTRIC | BROADBAND | ENERGY MANAGEMENT

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

Financial Statements and Supplementary Information
For the Years Ended December 31, 2020 and 2019

(With Independent Accountants' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

To the Municipal Lighting Commission
Town of Concord Municipal Light Plant

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Concord Municipal Light Plant (the Plant) (an enterprise fund of the Town of Concord, Massachusetts), as of and for the year ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Plant's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Town of Concord Municipal Light Plant, as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Reporting Entity

As discussed in Note 1, the financial statements of the Town of Concord Municipal Light Plant are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the enterprise fund of the Town of Concord, Massachusetts that is attributable to the transactions of the Concord Municipal Light Plant. They do not purport to, and do not, present fairly the financial position of the Town of Concord, Massachusetts as of December 31, 2020 and 2019, and the changes in its financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Concord Municipal Light Plant's basic financial statements. The supplementary statements appearing on pages 41 through 43 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information



is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Andover, Massachusetts
June 29, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Town of Concord Municipal Light Plant's (the Plant) annual financial report, management provides a narrative discussion and analysis of the Plant's financial activities for the year ended December 31, 2020. The Plant's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

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

Proprietary Funds

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

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

Notes to Financial Statements

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

Financial Highlights

The Statements of Net Position is designed to indicate our financial position at a specific point in time. As of December 31, 2020, it shows our net position as \$43,968,177, which comprises \$35,953,279 invested in capital assets net of related long-term debt, \$4,810,412 restricted for the depreciation fund, and \$3,204,486 unrestricted.

The Statements of Revenues, Expenses, and Changes in Net Position summarize our operating results. The change in net position for the year ended December 31, 2020 was \$(1,922,620). The decrease in net position was mainly due to a reduction in energy sales and the change in rate refund revenue adjustments.

The Statements of Cash Flows provides information about cash receipts, cash payments, investing, and financing activities during the accounting period. A review of our 2020 Statement of Cash Flows indicates that cash receipts from operating activities did not adequately cover our operating expenses, debt service principal and interest, and our return on investment to the Town of Concord.

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

SUMMARY OF NET POSITION

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:			
Current and other assets	\$ 21,315,802	\$ 21,403,195	\$ 22,451,178
Capital assets	<u>39,928,279</u>	<u>40,794,548</u>	<u>39,965,563</u>
Total assets	61,244,081	62,197,743	62,416,741
Deferred outflows of resources	2,803,432	3,148,803	1,199,019
Liabilities:			
Long-term liabilities	9,742,952	11,308,655	8,869,760
Other liabilities	<u>5,026,339</u>	<u>4,396,880</u>	<u>4,261,108</u>
Total liabilities	14,769,291	15,705,535	13,130,868
Deferred inflows of resources	5,310,045	3,750,214	4,239,715
Net position:			
Net investment in capital assets	35,953,279	36,009,547	34,540,563
Restricted for depreciation fund	4,810,412	3,609,450	4,420,297
Unrestricted	<u>3,204,486</u>	<u>6,271,800</u>	<u>7,284,317</u>
Total net position	<u>\$ 43,968,177</u>	<u>\$ 45,890,797</u>	<u>\$ 46,245,177</u>

SUMMARY OF CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 27,963,382	\$ 28,981,905	\$ 29,791,221
Operating expenses	<u>(29,640,725)</u>	<u>(29,038,957)</u>	<u>(28,927,032)</u>
Operating income (loss)	(1,677,343)	(57,052)	864,189
Non-operating revenues (expenses)	<u>229,223</u>	<u>154,672</u>	<u>(84,461)</u>
Income (loss) Before Contributions and Other Items	(1,448,120)	97,620	779,728
Return on investment to Town of Concord	<u>(474,500)</u>	<u>(452,000)</u>	<u>(461,000)</u>
Change in net position	(1,922,620)	(354,380)	318,728
Beginning net position	<u>45,890,797</u>	<u>46,245,177</u>	<u>45,926,449</u>
Ending net position	<u>\$ 43,968,177</u>	<u>\$ 45,890,797</u>	<u>\$ 46,245,177</u>

Operating revenues for 2020 decreased by \$(1,018,523) or 3.5% from 2019. This decrease was due to a decrease in the rate refund revenue adjustment and a decrease in commercial and municipal energy sales due to the pandemic. The Plant estimates the cost of purchase power monthly and bills customers based on this estimate. Each month the Plant compares the actual cost to the estimate. For both 2019 and 2020, the Plant incurred a net refund to customers.

Total operating expenses for 2020 increased by \$601,768 or 2.1% from 2019.

The transfer to the Town of Concord General Fund increased from the prior year by \$22,500 to \$474,500, in accordance with the vote of Article 20 of the 2020 Annual Town Meeting.

Capital Assets and Debt Administration

Capital Assets

The Plant's total investment in capital assets at year-end was \$39,928,279, net of accumulated depreciation but before related debt of \$3,975,000, a decrease of \$(866,269) from the prior year. This investment in capital assets includes land, construction in progress, structures and improvements, equipment and furnishings, transmission, distribution, and communications assets.

Debt and Other Long-Term Obligations

At December 31, 2020, total bonded debt was \$3,975,000 (exclusive of unamortized bond premium), all of which was backed by the full faith and credit of the Town.

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

Other Information

Broadband Operations

In 2014 CMLP brought a municipal high-speed internet service to market using its fiber optic network. The April 2013 Annual Town Meeting approved Article 48 which authorized borrowing of up to \$1,000,000 to fund telecommunications startup expenses. In 2016 CMLP borrowed an additional \$500,000 with a one-year Bond Anticipation Note to continue to expand the telecommunications operation. The April 2017 Annual Town Meeting approved Article 24 which authorized borrowing of up to \$1,000,000 to fund telecommunications expansion expenses. During the 2019 calendar year, CMLP issued a new bond for telecommunications for \$338,000 and repaid \$100,000, resulting in a total borrowing of \$513,000. On November 13 of 2020, an agreement was made between CMLP and Broadband whereas Broadband agreed to pay back the \$1,900,000 loan issued to CMLP to fund the telecommunication startup costs. As of December 31, 2020, CMLP had 1,484 commercial and residential broadband customers connected, an increase of 71 customers over the previous year. As of December 31, 2020, annualized operating revenue from Broadband was \$1,262,597.

Requests for Information

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

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

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

Enterprise Fund
Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current:		
Unrestricted cash and short-term investments	\$ 1,155,185	\$ 4,362,542
Accounts receivable, net of allowances for uncollectible	4,394,653	3,875,038
Prepaid expenses	3,264,872	1,974,732
Inventory	1,290,615	1,270,355
Other	<u>16,708</u>	<u>6,106</u>
Total current assets	10,122,033	11,488,773
Noncurrent:		
Restricted cash	10,840,003	9,560,656
Investment in associated companies	353,766	353,766
Capital Assets:		
Land and construction in progress	2,307,593	2,970,687
Other capital assets, net of accumulated depreciation	<u>37,620,686</u>	<u>37,823,861</u>
Total noncurrent assets	<u>51,122,048</u>	<u>50,708,970</u>
Total Assets	61,244,081	62,197,743
Deferred Outflows of Resources		
Related to pensions	2,532,556	3,026,887
Related to OPEB	<u>270,876</u>	<u>121,916</u>
Total Deferred Outflows of Resources	2,803,432	3,148,803
Liabilities		
Current:		
Accounts payable	4,122,569	3,455,989
Accrued liabilities	247,913	201,645
Customer deposits	543,669	647,374
Customer advances for construction	112,188	91,872
Current portion of long-term liabilities:		
Bonds payable	834,429	857,157
Compensated absences	<u>13,232</u>	<u>8,209</u>
Total current liabilities	5,874,000	5,262,246
Noncurrent:		
Bonds payable, net of current portion	3,380,074	4,214,503
Net pension liability	3,097,827	3,687,216
Net OPEB liability	2,165,982	2,385,590
Compensated absences	<u>251,408</u>	<u>155,980</u>
Total noncurrent liabilities	<u>8,895,291</u>	<u>10,443,289</u>
Total Liabilities	14,769,291	15,705,535
Deferred Inflows of Resources		
Related to pensions	1,099,644	564,080
Related to OPEB	342,981	19,330
Other	<u>3,867,420</u>	<u>3,166,804</u>
Total Deferred Inflows of Resources	<u>5,310,045</u>	<u>3,750,214</u>
Net Position		
Net investment in capital assets	35,953,279	36,009,547
Restricted for depreciation fund	4,810,412	3,609,450
Unrestricted	<u>3,204,486</u>	<u>6,271,800</u>
Total Net Position	<u>\$ 43,968,177</u>	<u>\$ 45,890,797</u>

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

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

Enterprise Fund
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Electric sales	\$ 24,994,161	\$ 25,560,374
Internet sales	1,242,267	1,128,726
Rate refund	(675,883)	41,970
Underground surcharge	402,008	403,137
Renewable energy certificate revenue	1,801,988	1,642,716
Other operating revenue	<u>198,841</u>	<u>204,982</u>
Total Operating Revenues	27,963,382	28,981,905
Operating Expenses		
Purchase power	19,366,359	19,768,895
Salaries and benefits	4,481,429	3,552,333
Other operating expenses	1,620,431	1,681,367
Depreciation	1,926,950	1,873,750
Customer accounts	896,718	1,060,695
Distribution	1,247,702	1,022,817
Transmission	<u>101,136</u>	<u>79,100</u>
Total Operating Expenses	<u>29,640,725</u>	<u>29,038,957</u>
Operating (loss)	(1,677,343)	(57,052)
Nonoperating Revenues (Expenses)		
Interest income	110,302	241,882
Interest expense	(157,581)	(184,971)
Loss on disposal of capital assets	(13,464)	(318,648)
Other	<u>289,966</u>	<u>416,409</u>
Total Nonoperating Revenues, net	<u>229,223</u>	<u>154,672</u>
Income (loss) Before Transfers	(1,448,120)	97,620
Return on investment transfer to Town of Concord	<u>(474,500)</u>	<u>(452,000)</u>
Change in Net Position	(1,922,620)	(354,380)
Net Position at Beginning of Year	<u>45,890,797</u>	<u>46,245,177</u>
Net Position at End of Year	<u>\$ 43,968,177</u>	<u>\$ 45,890,797</u>

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

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

Enterprise Fund
Statements of Cash Flows
For the Year Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 27,340,063	\$ 28,753,471
Payments to vendors and employees	<u>(27,097,428)</u>	<u>(26,723,979)</u>
Net Cash Provided By Operating Activities	242,635	2,029,492
Cash Flows From Noncapital Financing Activities		
Return on investment to Town of Concord	(474,500)	(452,000)
Other	<u>188,121</u>	<u>450,525</u>
Net Cash (Used For) Noncapital Financing Activities	(286,379)	(1,475)
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,060,681)	(2,702,735)
Loss on disposition of assets	(13,464)	(318,648)
Proceeds from bonds	-	510,000
Principal payments on bonds	(810,000)	(750,000)
Principal payments on notes	-	(400,000)
Interest expense	<u>(110,423)</u>	<u>(184,971)</u>
Net Cash (Used For) Capital and Related Financing Activities	(1,994,568)	(3,846,354)
Cash Flows From Investing Activities		
Investment income	<u>110,302</u>	<u>241,882</u>
Net Cash Provided By Investing Activities	<u>110,302</u>	<u>241,882</u>
Net Change in Cash and Short-Term Investments	(1,928,010)	(1,576,455)
Cash and Short Term Investments, Beginning of Year	<u>13,923,198</u>	<u>15,499,653</u>
Cash and Short Term Investments, End of Year	<u>\$ 11,995,188</u>	<u>\$ 13,923,198</u>
Reconciliation of Operating Income to Net Cash provided by Operating Activities		
Operating loss	\$ (1,677,343)	\$ (57,052)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation expense	1,926,950	1,873,750
Changes in assets, liabilities, and deferred outflows/inflows:		
Accounts receivable	(519,615)	(241,160)
Prepaid expenses	(1,290,139)	(211,022)
Inventory	(20,260)	(70,184)
Other assets	(3,075)	-
Deferred outflows - related to pensions	494,331	(2,067,429)
Deferred outflows - related to OPEB	(148,960)	117,645
Accounts payable	666,581	485,848
Accrued liabilities	46,268	46,643
Customer advances for construction	3,255	-
Net pension liability	(589,389)	2,589,649
Net OPEB liability	(219,608)	40,183
Other liabilities	13,809	12,122
Deferred inflows - related to pensions	535,564	(444,350)
Deferred inflows - related to OPEB	323,650	(13,100)
Deferred inflows - other	<u>700,616</u>	<u>(32,051)</u>
Net Cash Provided By Operating Activities	<u>\$ 242,635</u>	<u>\$ 2,029,492</u>

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

TOWN OF CONCORD, MASSACHUSETTS MUNICIPAL LIGHT PLANT

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

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

Business Activity

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

Regulation and Basis of Accounting

Under Massachusetts General Laws, the Plant's electric rates are set by the Municipal Light Board. Electric rates, excluding the fuel charge, cannot be changed more often than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general authority over the Plant, the Plant's rates are not subject to DPU approval. The Plant's policy is to prepare its financial statements in conformity with generally accepted accounting principles.

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

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

Concentrations

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

Revenues

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

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

Cash and Short-Term Investments

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

Inventory

Plant supplies inventory consists of parts and accessories purchased for use in the utility business for construction, operation, and maintenance purposes and are stated at average cost. Meters and transformers are capitalized when purchased.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and utility plant infrastructure, are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at acquisition fair market value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as they are acquired or constructed. When capital assets are retired, the cost of the retired asset, less accumulated depreciation, salvage value, and any cash proceeds, is charged to the Plant's unrestricted net position.

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

Accrued Compensated Absences

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

Long-Term Obligations

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

Equity

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

Use of Estimates

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

Rate of Return

The Plant's rates must be set such that earnings attributable to electric operations do not exceed eight percent of the net cost of plant. In 2020 and 2019, the Plant's earnings did not exceed this threshold.

2. Cash and Investments

Custodial Credit Risk

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

Because all of the Plant's cash is in the custody of the Town's Treasurer, all bank accounts are maintained in the name of the Town. At December 31, 2020 and 2019, virtually all of the total bank balances are held in MMDT, the local government money market investment pool, for which the State Treasurer is sole trustee and which is managed by Federated Investors under contract to the State Treasurer.

3. Receivables

Receivables consist of the following for the years ended December 31, 2020 and 2019:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Customer Accounts:		
Billed	\$ 2,799,421	\$ 2,240,212
Less allowances:		
Uncollectible accounts	<u>(20,225)</u>	<u>(18,047)</u>
Total billed	2,779,196	2,222,165
Unbilled, net	<u>1,448,522</u>	<u>1,386,296</u>
Total customer accounts	4,227,718	3,608,461
Other Accounts:		
Merchandise and jobbing	75,311	116,715
Liens and other	<u>91,624</u>	<u>149,862</u>
Total other accounts	<u>166,935</u>	<u>266,577</u>
Total net receivables	<u>\$ 4,394,653</u>	<u>\$ 3,875,038</u>

4. Prepaid Expenses

Prepaid expenses consist primarily of advance payments for purchased power. For the years ended December 31, 2020 and 2019, the Plant reported the following prepaid expenses:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Purchased power	\$ 2,893,025	\$ 1,594,944
NYPA prepayment fund	85,884	85,884
Fuel inventory	177,523	179,870
Insurance and other	<u>108,440</u>	<u>114,034</u>
Total	<u>\$ 3,264,872</u>	<u>\$ 1,974,732</u>

5. Inventory

Inventory is comprised of supplies and materials for the years ended December 31, 2020 and 2019 and is valued using the average cost method.

6. Restricted Cash

Restricted cash consists of the following for the years ended December 31, 2020 and 2019:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Customer advances for construction fund	\$ 112,188	\$ 91,872
Customer deposits fund	536,636	647,374
Debt service fund	546,432	555,371
Depreciation fund	4,810,412	3,609,450
Emergency repairs fund	1,130,000	1,130,000
Rate stabilization fund	-	347,953
Renewable energy certificate purchase fund	1,818,836	803,623
Underground fund	1,657,974	2,172,212
Worker's compensation insurance fund	<u>227,525</u>	<u>202,801</u>
Total	<u>\$ 10,840,003</u>	<u>\$ 9,560,656</u>

The Plant maintains the following restricted cash and investment accounts:

- *Customer advances for construction fund* – This represents customer deposits held for special construction projects.

- *Customer deposits fund* – This represents residential and commercial customer service deposits that are held in escrow.
- *Debt service fund* – This fund was established to set aside funds to meet outstanding debt obligations due within twelve months.
- *Depreciation fund* – The Plant reserves 3.0% of depreciable utility plant assets each year to fund current and future capital improvements.
- *Emergency repairs fund* – This fund was established to be used in the event of a major equipment failure.
- *Rate stabilization fund* – This account is used to hold amounts collected from customers for the purpose of stabilizing electric rates, which are paid back to customers over time.
- *Renewable energy certificate purchase fund* – This account was established to accumulate funds received from customers for the purpose of purchasing renewable energy certificates on the open market.
- *Underground fund* – This fund was established in 1987 for the purpose of placing existing overhead lines underground. Currently a 1.5% charge on all electric bills is used to replenish this fund.
- *Worker’s compensation insurance fund* – The Plant maintains a self-insurance fund for payment of workers compensation claims and for injury and damage claims.

7. Investment in Associated Companies

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), the Plant has made advances to fund its equity requirements for the Hydro-Quebec Phase II interconnection. The Plant is carrying its investment at cost, reduced by shares repurchased. As of December 31, 2020 and 2019, the market value of these investments cannot be readily determined.

The Light Plant also purchased a five percent interest in Energy New England, LLC for \$150,000 in 2007. Energy New England is an energy and energy services cooperative established to assist publicly owned entities to ensure their continued viability in the deregulated wholesale electric utility markets and to strengthen their competitive position in the retail energy market for the benefit of the municipal entities. Energy New England functions as an autonomous, entrepreneurial business unit that is free from many of the constraints imposed on traditional municipal utility operations. The balance, reflected at cost, was \$314,920 as of December 31, 2020.

Investment in associated companies consists of the following for the years ended December 31, 2020 and 2019:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Hydro-Quebec	\$ 38,846	\$ 38,846
Energy New England, LLC	<u>314,920</u>	<u>314,920</u>
Total	<u>\$ 353,766</u>	<u>\$ 353,766</u>

8. Capital Assets

The capital asset activity for the years ended December 31, 2020 and 2019 is as follows (in thousands):

	<u>2020</u>				
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>2020 Adjustments</u>	<u>Ending Balance</u>
Capital assets, being depreciated:					
Structures and improvements	\$ 9,183	\$ 263	\$ -	\$ -	\$ 9,446
Equipment and furnishings	13,658	207	(31)	-	13,834
Infrastructure	41,967	1,381	(147)	-	43,201
Intangible	<u>2,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,086</u>
Total capital assets, being depreciated	66,894	1,851	(178)	-	68,567
Less accumulated depreciation for:					
Structures and improvements	(4,562)	(274)	-	-	(4,836)
Equipment and furnishings	(4,957)	(380)	2	(2)	(5,337)
Infrastructure	(18,611)	(1,259)	147	(48)	(19,771)
Intangible	<u>(940)</u>	<u>(63)</u>	<u>-</u>	<u>-</u>	<u>(1,003)</u>
Total accumulated depreciation	<u>(29,070)</u>	<u>(1,976)</u>	<u>149</u>	<u>(50)</u>	<u>(30,947)</u>
Total capital assets, being depreciated, net	37,824	(125)	(29)	(50)	37,620
Capital assets, not being depreciated:					
Land	1,602	-	-	-	1,602
Construction in progress	<u>1,369</u>	<u>951</u>	<u>(1,614)</u>	<u>-</u>	<u>706</u>
Total capital assets, not being depreciated	<u>2,971</u>	<u>951</u>	<u>(1,614)</u>	<u>-</u>	<u>2,308</u>
Capital assets, net	<u>\$ 40,795</u>	<u>\$ 826</u>	<u>\$ (1,643)</u>	<u>\$ (50)</u>	<u>\$ 39,928</u>

	2019				Ending Balance
	Beginning Balance	Increases	Decreases	2019 Adjustments	
Capital assets, being depreciated:					
Structures and improvements	\$ 8,782	\$ 590	\$ (189)	\$ -	\$ 9,183
Equipment and furnishings	13,991	784	(1,117)	-	13,658
Infrastructure	41,151	1,125	(309)	-	41,967
Intangible	<u>2,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,086</u>
Total capital assets, being depreciated	66,010	2,499	(1,615)	-	66,894
Less accumulated depreciation for:					
Structures and improvements	(4,364)	(251)	189	(136)	(4,562)
Equipment and furnishings	(5,442)	(396)	860	21	(4,957)
Infrastructure	(17,642)	(1,223)	308	(54)	(18,611)
Intangible	<u>(877)</u>	<u>(120)</u>	<u>-</u>	<u>57</u>	<u>(940)</u>
Total accumulated depreciation	<u>(28,325)</u>	<u>(1,990)</u>	<u>1,357</u>	<u>(112)</u>	<u>(29,070)</u>
Total capital assets, being depreciated, net	37,685	509	(258)	(112)	37,824
Capital assets, not being depreciated:					
Land	1,602	-	-	-	1,602
Construction in progress	<u>679</u>	<u>740</u>	<u>(50)</u>	<u>-</u>	<u>1,369</u>
Total capital assets, not being depreciated	<u>2,281</u>	<u>740</u>	<u>(50)</u>	<u>-</u>	<u>2,971</u>
Capital assets, net	\$ <u>39,966</u>	\$ <u>1,249</u>	\$ <u>(308)</u>	\$ <u>(112)</u>	\$ <u>40,795</u>

9. Deferred Outflows of Resources

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

10. Accounts Payable

Accounts payable represents fiscal 2020 and 2019 expenses that were paid after December 31, 2020 and 2019, respectively.

11. Accrued Liabilities

Accrued liabilities consist of the following for the years ended December 31, 2020 and 2019:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Accrued payroll	\$ 231,066	\$ 168,092
Accrued sales tax	533	12,713
Accrued bond interest	16,211	20,775
Other	<u>103</u>	<u>65</u>
Total	<u>\$ 247,913</u>	<u>\$ 201,645</u>

12. Customer Deposits

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

13. Long-Term Liabilities

General Obligation Bonds

The Plant issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of the Plant. The balances of the general obligation bonds outstanding at December 31, 2020 and 2019 are as follows:

<u>General Obligation Bonds</u>	Serial Maturities Through	Coupon Interest Rate(s) %	Amount Outstanding as of <u>12/31/20</u>	Amount Outstanding as of <u>12/31/19</u>
W. R. Grace land acquisition	09/15/21	3.00%	\$ 50,000	\$ 100,000
Telecom	09/15/21	4.00%	75,000	175,000
W. R. Grace land acquisition	06/15/24	5.00%	137,000	172,000
Smart grid	05/15/26	2.52%	1,300,000	1,600,000
Light plant expansion	06/01/27	2.07%	2,100,000	2,400,000
Telecom	06/15/29	5.00%	<u>313,000</u>	<u>338,000</u>
Total general obligation bonds			<u>\$ 3,975,000</u>	<u>\$ 4,785,000</u>

Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2020 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 790,000	\$ 119,500	\$ 909,500
2022	565,000	92,250	657,250
2023	565,000	72,500	637,500
2024	565,000	54,000	619,000
2025	535,000	37,000	572,000
2026	535,000	21,438	556,438
2027	340,000	8,750	348,750
2028	40,000	3,000	43,000
2029	40,000	1,000	41,000
Total	<u>\$ 3,975,000</u>	<u>\$ 409,438</u>	<u>\$ 4,384,438</u>

Changes in General Long-Term Liabilities

During the years ended December 31, 2020 and 2019, the following changes occurred in long-term liabilities:

	Beginning Balance <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>12/31/2020</u>	Less Current Portion	Equals Long-Term Portion
Bonds payable	\$ 4,785	\$ -	\$ (810)	\$ 3,975	\$ (790)	\$ 3,185
Unamortized premium	287	-	(47)	240	(44)	196
Subtotal	5,072	-	(857)	4,215	(834)	3,381
Net pension liability	3,687	-	(589)	3,098	-	3,098
Net OPEB Liability	2,386	-	(220)	2,166	-	2,166
Compensated absences	164	100	-	264	(13)	251
Totals	<u>\$ 11,309</u>	<u>\$ 100</u>	<u>\$ (1,666)</u>	<u>\$ 9,743</u>	<u>\$ (847)</u>	<u>\$ 8,896</u>

	Beginning Balance <u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>12/31/2019</u>	Less Current Portion	Equals Long-Term Portion
Bonds payable	\$ 5,025	\$ 510	\$ (750)	\$ 4,785	\$ (810)	\$ 3,975
Unamortized premium	252	77	(42)	287	(47)	240
Subtotal	5,277	587	(792)	5,072	(857)	4,215
Net pension liability	1,098	2,589	-	3,687	-	3,687
Net OPEB Liability	2,345	41	-	2,386	-	2,386
Compensated absences	150	14	-	164	(8)	156
Totals	<u>\$ 8,870</u>	<u>\$ 3,231</u>	<u>\$ (792)</u>	<u>\$ 11,309</u>	<u>\$ (865)</u>	<u>\$ 10,444</u>

14. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Plant that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. Other deferred inflows relate to resources which will be used in future years' customer rates.

Other deferred inflows of resources consist of the following for the years ended December 31, 2020 and 2019:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Provision for rate stabilization	\$ -	\$ 372,498
Provision for rate refund	3,639,922	2,591,542
Provision for injuries and damages	<u>227,498</u>	<u>202,764</u>
Total	<u>\$ 3,867,420</u>	<u>\$ 3,166,804</u>

15. Concord Contributory Retirement System

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

Plan Description

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

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired on or after January 1, 1979

contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

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

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

Participant Retirement Benefits

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

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

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

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

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to

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

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

Methods of Payment

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

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member’s death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree’s beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member’s designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or “pops up” to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable “pops up” to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

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

Employer Contributions

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

The Plant's contributions to the System for the years ended December 31, 2020 and 2019 were \$752,565 and \$572,244, respectively, which were equal to its actuarially determined contributions.

Summary of Significant Accounting Policies

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

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

At December 31, 2020 and 2019, the Plant reported a liability of \$3,097,827 and \$3,687,216, respectively for its proportionate share of the net pension liability. For the current year, the net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The Plant's proportion of the net pension liability was based on a projection of the Plant's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019 and 2018, the Plant's proportion was 12.72% and 10.10%, respectively.

For the year ended December 31, 2020 and 2019, the Plant recognized pension expense of \$1,091,414 and \$830,434, respectively. In addition, the Plant reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Differences between expected and actual experience	\$ 669,858	\$ (161,467)
Net difference between projected and actual earnings on pension plan investments	-	(665,325)
Changes of assumptions	261,625	(65,638)
Changes in proportion and differences between employer contributions and proportionate share of contributions	950,165	(207,214)
Contributions subsequent to the measurement date	<u>650,908</u>	<u>-</u>
Total	<u>\$ 2,532,556</u>	<u>\$ (1,099,644)</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net pension liability in the year ended December 31, 2021.

Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2021	\$ 255,488
2022	167,707
2023	512,787
2024	<u>(153,978)</u>
Total	<u>\$ 782,004</u>

Actuarial Assumptions

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Not explicitly assumed
Actuarial cost method	Entry age normal
Salary increases	4.00% ultimate rate; reduced to 3.25% while receiving the following steps:
Groups 1 and 2	2.50% for 10 years
Investment rate of return	7.00%
Post-retirement cost-of-living adjustment	3.00% of first \$12,000

Mortality rates were based on the following:

- Pre-retirement and beneficiary mortality: RP-2014 Healthy Employee table adjusted to 2006 and projected generationally using scale MP-2016, gender distinct.
- Mortality for retired members: RP-2014 Healthy Annuitant table adjusted to 2006 and projected generationally using scale MP-2016, gender distinct. For members retired under Accidental Disability, 40% of deaths are assumed to be from the same cause as the disability.
- Mortality for disabled members: RP-2014 Healthy Annuitant table adjusted to 2006 and projected generationally using scale MP-2016, gender distinct, ages set forward 2 years.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of the most recent actuarial experience study.

Target Allocations

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

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. equity	24.20%	4.70%
Core Bonds	20.60%	1.31%
International Equities	14.10%	5.18%
Real Estate	9.60%	3.91%
Hedged equity	8.40%	3.60%
Private Equity	8.10%	7.75%
Emerging Equities	4.30%	6.32%
Value-Added Fixed Income	3.10%	3.27%
Portfolio Completion (PCS)	2.80%	3.22%
Commodities	2.10%	2.79%
Long duration fixed income	1.10%	1.46%
Inflation-linked bonds	1.00%	0.20%
Short term fixed income	<u>0.60%</u>	0.59%
Total	<u><u>100.00%</u></u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Plant's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Plant's proportionate share of the net pension liability would be if it were calculated using a discount rate that

is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

<u>Year Ended</u>	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
December 31, 2020	\$ 6,016,945	\$ 3,097,827	\$ 570,944
December 31, 2019	\$ 1,495,660	\$ 3,687,216	\$ 5,173,655

Pension Plan Fiduciary Net Position

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

16. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The Plant pools contributions to an OPEB Trust Fund with the Town. See additional disclosures for the plan fiduciary net position in the Town’s June 30, 2020 comprehensive annual financial report dated January 27, 2021.

All the following OPEB disclosures are based on a measurement date of June 30, 2020.

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

Funding Policy

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

Plan Membership

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	24
Active employees	<u>42</u>
Total	<u>66</u>

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.75%
Salary increases	Seven years of 4.30% steps
Investment rate of return	6.50% per year net of investment expenses
Discount rate	6.50%
Healthcare cost trend rates	7.00% to 9.00% for 2020, fluctuating 0.50% annually, to an ultimate rate of 5.00%
Retirees' share of benefit-related costs	Range of 37.00% to 50.00% 67.50% of eligible employees. Medicare-eligible retirees as assumed to elect a Medicare plan option at age 65
Participation rate	

Mortality rates were based on the following:

- Actives: The RP-2014 Mortality Tables adjusted to 2006, gender-distinct, for employees projected using generational mortality and scale MP-2016.
- Retirees: The RP-2014 Mortality Tables adjusted to 2006, gender-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016.
- Disabled: The RP-2014 Mortality Tables adjusted to 2006, gender-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016. Set forward 2 years.

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

Target Allocations

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic stock	48.60%	4.10%
Domestic bond	31.70%	0.88%
Foreign stock	15.30%	4.39%
Foreign bond	2.10%	0.88%
Cash	1.60%	-0.10%
Convertible	0.60%	3.02%
Preferred	<u>0.10%</u>	8.00%
Total	<u>100.00%</u>	

Contributions

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

Discount Rate

The discount rate used to measure the net OPEB liability was 6.50% for the year ended June 30, 2020 and 7.25% for the year ended June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2020 and 2019 were as follows:

	June 30, 2020	June 30, 2019
Total OPEB liability	\$ 3,584,856	\$ 3,670,891
Plan fiduciary net position	<u>(1,418,874)</u>	<u>(1,285,301)</u>
Net OPEB liability	<u>\$ 2,165,982</u>	<u>\$ 2,385,590</u>
Plan fiduciary net position as a percentage of the total OPEB liability	39.58%	35.01%

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

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the year ending December 31, 2020 and 2019:

	2020		
	Increase (Decrease)		
	Total OPEB Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balances, beginning of year	\$ 3,670,891	\$ 1,285,301	\$ 2,385,590
Changes for the year:			
Service cost	81,473	-	81,473
Interest	223,249	-	223,249
Contributions - employer	-	223,526	(223,526)
Net investment income	-	32,947	(32,947)
Differences between expected and actual experience	(387,025)	-	(387,025)
Changes in assumptions	119,168	-	119,168
Benefit payments	<u>(122,900)</u>	<u>(122,900)</u>	<u>-</u>
Net Changes	<u>(86,035)</u>	<u>133,573</u>	<u>(219,608)</u>
Balances, end of year	<u>\$ 3,584,856</u>	<u>\$ 1,418,874</u>	<u>\$ 2,165,982</u>

	2019		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 3,461,911	\$ 1,116,504	\$ 2,345,407
Changes for the year:			
Service cost	89,258	-	89,258
Interest	200,587	-	200,587
Contributions - employer	-	244,891	(244,891)
Net investment income	-	70,007	(70,007)
Changes of benefit terms	1,321	-	1,321
Differences between expected and actual experience	63,915	-	63,915
Benefit payments	<u>(146,101)</u>	<u>(146,101)</u>	<u>-</u>
Net Changes	<u>208,980</u>	<u>168,797</u>	<u>40,183</u>
Balances, end of year	<u>\$ 3,670,891</u>	<u>\$ 1,285,301</u>	<u>\$ 2,385,590</u>

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

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

Years Ended	1% Decrease	Current Discount Rate	1% Increase
June 30, 2020	\$ 2,614,759	\$ 2,165,982	\$ 1,798,403
June 30, 2019	\$ 2,487,815	\$ 2,385,590	\$ 2,001,866

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

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

<u>Years Ended</u>	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
June 30, 2020	\$ 1,732,185	\$ 2,165,982	\$ 2,707,075
June 30, 2019	\$ 1,963,534	\$ 2,385,590	\$ 2,901,769

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

For the years ended December 31, 2020 and 2019, the Plant recognized an OPEB expense of \$191,520 and \$241,455, respectively. At December 31, 2020, the Plant reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Contributions subsequent to the measurement date	\$ 85,000	\$ -
Change in assumptions	99,504	-
Difference between expected and actual experience	35,885	-
Changes in proportion and differences between contributions and proportionate share of contributions	20,528	(342,981)
Net difference between projected and actual OPEB investment earnings	<u>29,959</u>	<u>-</u>
Total	<u>\$ 270,876</u>	<u>\$ (342,981)</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ending June 30, 2021.

Amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2021	\$ (31,024)
2022	(31,024)
2023	(23,223)
2024	(25,311)
2025	(43,444)
Thereafter	<u>(3,079)</u>
Total	\$ <u>(157,105)</u>

17. Participation in Massachusetts Municipal Wholesale Electric Company

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

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

The Power Purchase Agreement with MMWEC for NYPA requires that each Project Participant pay its pro rata share of MMWEC’s costs related to the Project in addition to its share of capacity, energy, transmission and working capital funding.

CMLP is a 2.120% entitlement holder in the Massachusetts allocation of the NYPA firm and peaking energy. The contracts are for the life of the units and the 2020 average energy price under the NYPA contract is \$0.00492/kWh.

18. Return on Investment to Town of Concord

The return on investment to the Town of Concord also referred to as “payment in lieu of taxes” (PILOT) is used with reference to the interfund transfer within the municipal corporate entity because it is the language used in the statute authorizing the establishment and operation of municipal light plants (MGL Ch. 164). The Plant’s PILOT is a transfer from the Plant to the Town’s General Fund.

The particular method in arriving at an appropriate amount of this transfer is not prescribed by statute, but rather Concord’s specific amount has been derived from a formula

worked out jointly by the Finance Department and the Plant and approved by the Town Manager. The formula is based upon the last full years kWh sales multiplied by \$0.00275.

19. Commitments and Contingencies

COVID-19

The COVID-19 outbreak in the United States and across the globe has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, special acts or legislation by the state or federal government, and the impact on our customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain. Additionally, the Plant has not experienced any disruptions in operations or supply chains as of the date of the financial statements.

Outstanding Legal Issues

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

20. Renewable Energy Certificates

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

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

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

Information regarding the Plant’s calendar years ending December 31, 2020 and 2019 REC holdings are as follows:

		<u>Banked Certificates</u>	<u>Estimated Value</u>
12/31/2020	MA Class I	\$ 37,167	\$ 1,614,813
12/31/2019	MA Class I	\$ 26,130	\$ 786,775

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

Because there is no formal accounting guidance under GAAP or IFRS for RECs and the Plant does not have a formal policy for the future disposition of RECs, the estimated fair value of the Plant’s REC holdings at December 31, 2020 and 2019 are not recognized as an asset on the proprietary fund Statements of Net Position.

21. Subsequent Events

Management has evaluated subsequent events through June 29, 2021, which is the date the financial statements were available to be issued.

Debt

Subsequent to December 31, 2020 the plant has incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Telecommunication Services	\$ 131,000	5.00%	05/12/21	02/15/28

22. New Pronouncements

The Governmental Accounts Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Plant beginning with its calendar year ending December 31, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. Management has not yet evaluated the impact of GASB 87 on its financial statements.

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

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

December 31, 2020
(Unaudited)

Concord Contributory Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
December 31, 2020	December 31, 2019	12.72%	\$3,097,827	\$4,468,346	69.33%	88.35%
December 31, 2019	December 31, 2018	10.10%	\$3,687,216	\$3,424,758	107.66%	81.34%
December 31, 2018	December 31, 2017	6.34%	\$1,097,567	\$2,109,619	52.03%	90.58%
December 31, 2017	December 31, 2016	8.20%	\$2,643,809	\$2,583,283	102.34%	81.85%
December 31, 2016	December 31, 2015	9.04%	\$2,487,542	\$2,647,220	93.97%	80.73%
December 31, 2015	December 31, 2014	10.57%	\$1,639,399	\$2,783,014	58.91%	88.04%

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

See Independent Auditors' Report.

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

Required Supplementary Information
Schedule of Pension Contributions

December 31, 2020
(Unaudited)

Concord Contributory Retirement System

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

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

See Independent Auditors' Report.

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

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedule of Changes in the Net OPEB Liability

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 81,473	\$ 89,258	\$ 89,218
Interest	223,249	200,587	242,729
Changes of benefit terms	-	1,321	-
Differences between expected and actual experience	(387,025)	63,915	96,636
Changes of assumptions	119,168	-	164,896
Benefit payments, including refunds of member contributions	<u>(122,900)</u>	<u>(146,101)</u>	<u>(129,591)</u>
Net change in total OPEB liability	(86,035)	208,980	463,888
Total OPEB liability - beginning	<u>3,670,891</u>	<u>3,461,911</u>	<u>2,998,023</u>
Total OPEB liability - ending (a)	3,584,856	3,670,891	3,461,911
Plan Fiduciary Net Position			
Contributions - employer	223,526	244,891	262,417
Net investment income	32,947	70,007	71,621
Benefit payments, including refunds of member contributions	<u>(122,900)</u>	<u>(146,101)</u>	<u>(129,591)</u>
Net change in plan fiduciary net position	133,573	168,797	204,447
Plan fiduciary net position - beginning	<u>1,285,301</u>	<u>1,116,504</u>	<u>912,057</u>
Plan fiduciary net position - ending (b)	<u>1,418,874</u>	<u>1,285,301</u>	<u>1,116,504</u>
Net OPEB liability - ending (a-b)	<u>\$ 2,165,982</u>	<u>\$ 2,385,590</u>	<u>\$ 2,345,407</u>

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

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

See Independent Auditors' Report.

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

Required Supplementary Information
Other Post-Employment Benefits (OPEB)
Schedules Of Net OPEB Liability, Contributions, and Investments Returns

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Net OPEB Liability			
Total OPEB liability	\$ 3,584,856	\$ 3,670,891	\$ 3,461,911
Plan fiduciary net position	<u>1,418,874</u>	<u>1,285,301</u>	<u>1,116,504</u>
Net OPEB liability	<u>\$ 2,165,982</u>	<u>\$ 2,385,590</u>	<u>\$ 2,345,407</u>
Plan fiduciary net position as a percentage of the total OPEB liability	39.58%	35.01%	32.25%
Covered employee payroll	3,149,976	3,422,839	Unavailable
Participating employer net OPEB liability as a percentage of covered employee payroll	68.76%	69.70%	Unavailable
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Contributions			
Actuarially determined contribution	\$ 223,526	\$ 244,891	\$ 261,460
Contributions in relation to the actuarially determined contribution	<u>223,526</u>	<u>244,891</u>	<u>262,417</u>
Contribution (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (957)</u>
Covered employee payroll	3,149,976	3,422,839	Unavailable
Contributions as a percentage of covered employee payroll	7.10%	7.15%	Unavailable
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Investment Returns			
Annual money weighted rate of return, net of investment expense	2.91%	6.16%	7.24%

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

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

See Independent Auditors' Report.

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

Enterprise Fund
Combining Statements of Net Position
December 31, 2020 and 2019

	2020				2019			
	Light Fund	Broadband Fund	Eliminations	Total	Light Fund	Broadband Fund	Eliminations	Total
Assets								
Current:								
Unrestricted cash and short-term investments	\$ 966,699	\$ 188,486	\$ -	\$ 1,155,185	\$ 4,362,542	\$ -	\$ -	\$ 4,362,542
Accounts receivable, net of allowance for uncollectible	4,288,791	105,862	-	4,394,653	3,746,067	128,971	-	3,875,038
Prepaid expenses	3,251,607	13,265	-	3,264,872	1,947,386	27,346	-	1,974,732
Inventory	1,151,096	139,519	-	1,290,615	1,111,236	159,119	-	1,270,355
Other	8,402	8,306	-	16,708	874	5,232	-	6,106
Total current assets	9,666,595	455,438	-	10,122,033	11,168,105	320,668	-	11,488,773
Noncurrent:								
Restricted cash	10,760,140	79,863	-	10,840,003	9,484,102	76,554	-	9,560,656
Investment in associated companies	353,766	-	-	353,766	353,766	-	-	353,766
Due from Broadband	1,900,000	-	(1,900,000)	-	1,827,445	-	(1,827,445)	-
Capital Assets:								
Land and construction in progress	2,296,767	10,826	-	2,307,593	2,964,687	6,000	-	2,970,687
Other capital assets, net of accumulated depreciation	35,353,025	2,267,661	-	37,620,686	35,576,041	2,247,820	-	37,823,861
Total noncurrent assets	50,663,698	2,358,350	(1,900,000)	51,122,048	50,206,041	2,330,374	(1,827,445)	50,708,970
Total Assets	60,330,293	2,813,788	(1,900,000)	61,244,081	61,374,146	2,651,042	(1,827,445)	62,197,743
Deferred Outflows of Resources								
Related to pensions	2,378,070	154,486	-	2,532,556	2,886,107	140,780	-	3,026,887
Related to OPEB	236,013	34,863	-	270,876	111,912	10,004	-	121,916
Total Deferred Outflows of Resources	2,614,083	189,349	-	2,803,432	2,998,019	150,784	-	3,148,803
Liabilities								
Current:								
Accounts payable	4,094,065	28,504	-	4,122,569	3,399,427	56,562	-	3,455,989
Accrued liabilities	209,660	38,253	-	247,913	183,918	17,727	-	201,645
Customer deposits	543,669	-	-	543,669	647,374	-	-	647,374
Customer advances for construction	103,747	8,441	-	112,188	86,686	5,186	-	91,872
Current portion of long-term liabilities:								
Bonds payable	717,290	117,139	-	834,429	718,038	139,119	-	857,157
Compensated absences	11,854	1,378	-	13,232	7,623	586	-	8,209
Total current liabilities	5,680,285	193,715	-	5,874,000	5,043,066	219,180	-	5,262,246
Noncurrent:								
Due to Light	-	1,900,000	(1,900,000)	-	-	1,827,445	(1,827,445)	-
Bonds payable, net of current portion	3,050,714	329,360	-	3,380,074	3,768,004	446,499	-	4,214,503
Net pension liability	2,908,860	188,967	-	3,097,827	3,515,760	171,456	-	3,687,216
Net OPEB liability	2,138,955	27,027	-	2,165,982	2,384,868	722	-	2,385,590
Compensated absences	225,233	26,175	-	251,408	144,841	11,139	-	155,980
Total noncurrent liabilities	8,323,762	2,471,529	(1,900,000)	8,895,291	9,813,473	2,457,261	(1,827,445)	10,443,289
Total Liabilities	14,004,047	2,665,244	(1,900,000)	14,769,291	14,856,539	2,676,441	(1,827,445)	15,705,535
Deferred Inflows of Resources								
Related to pensions	1,032,566	67,078	-	1,099,644	537,850	26,230	-	564,080
Related to OPEB	342,981	-	-	342,981	19,434	(104)	-	19,330
Other	3,845,768	21,652	-	3,867,420	3,150,949	15,855	-	3,166,804
Total Deferred Inflows of Resources	5,221,315	88,730	-	5,310,045	3,708,233	41,981	-	3,750,214
Net Position								
Net investment in capital assets	34,062,792	1,890,487	-	35,953,279	34,268,727	1,740,820	-	36,009,547
Restricted for depreciation fund	4,810,412	-	-	4,810,412	3,609,450	-	-	3,609,450
Unrestricted	4,845,810	(1,641,324)	-	3,204,486	7,929,216	(1,657,416)	-	6,271,800
Total Net Position	\$ 43,719,014	\$ 249,163	\$ -	\$ 43,968,177	\$ 45,807,393	\$ 83,404	\$ -	\$ 45,890,797

See Independent Auditors' Report.

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

Enterprise Fund
Combining Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2020 and 2019

	2020			2019		
	Light Fund	Broadband Fund	Total	Light Fund	Broadband Fund	Total
Operating Revenues						
Electric sales	\$ 24,994,161	\$ -	\$ 24,994,161	\$ 25,560,374	\$ -	\$ 25,560,374
Internet sales	-	1,242,267	1,242,267	-	1,128,726	1,128,726
Rate refund	(675,883)	-	(675,883)	41,970	-	41,970
Underground surcharge	402,008	-	402,008	403,137	-	403,137
Renewable energy certificate revenue	1,801,988	-	1,801,988	1,642,716	-	1,642,716
Other operating revenue	<u>178,511</u>	<u>20,330</u>	<u>198,841</u>	<u>190,171</u>	<u>14,811</u>	<u>204,982</u>
Total Operating Revenues	26,700,785	1,262,597	27,963,382	27,838,368	1,143,537	28,981,905
Operating Expenses						
Purchase power	19,156,969	209,390	19,366,359	19,585,393	183,502	19,768,895
Salaries and benefits	3,920,733	560,696	4,481,429	3,258,987	293,346	3,552,333
Other operating expenses	1,479,142	141,289	1,620,431	1,574,113	107,254	1,681,367
Depreciation	1,856,017	70,933	1,926,950	1,811,059	62,691	1,873,750
Customer accounts	876,288	20,430	896,718	1,030,148	30,547	1,060,695
Distribution	1,078,839	168,863	1,247,702	904,041	118,776	1,022,817
Transmission	<u>101,136</u>	<u>-</u>	<u>101,136</u>	<u>79,100</u>	<u>-</u>	<u>79,100</u>
Total Operating Expenses	<u>28,469,124</u>	<u>1,171,601</u>	<u>29,640,725</u>	<u>28,242,841</u>	<u>796,116</u>	<u>29,038,957</u>
Operating Income (Loss)	(1,768,339)	90,996	(1,677,343)	(404,473)	347,421	(57,052)
Nonoperating Revenues (Expenses)						
Interest income	110,302	-	110,302	241,882	-	241,882
Interest expense	(135,675)	(21,906)	(157,581)	(157,438)	(27,533)	(184,971)
Gain (Loss) on disposal of capital assets	(11,271)	(2,193)	(13,464)	(320,161)	1,513	(318,648)
Other	<u>191,104</u>	<u>98,862</u>	<u>289,966</u>	<u>337,957</u>	<u>78,452</u>	<u>416,409</u>
Total Nonoperating Revenues (Expenses), Net	<u>154,460</u>	<u>74,763</u>	<u>229,223</u>	<u>102,240</u>	<u>52,432</u>	<u>154,672</u>
Income (loss) Before Transfers	(1,613,879)	165,759	(1,448,120)	(302,233)	399,853	97,620
Return on investment - transfer to Town of Concord	<u>(474,500)</u>	<u>-</u>	<u>(474,500)</u>	<u>(452,000)</u>	<u>-</u>	<u>(452,000)</u>
Change in Net Position	(2,088,379)	165,759	(1,922,620)	(754,233)	399,853	(354,380)
Net Position - Beginning of Year	<u>45,807,393</u>	<u>83,404</u>	<u>45,890,797</u>	<u>46,561,626</u>	<u>(316,449)</u>	<u>46,245,177</u>
Net Position at End of Year	<u>\$ 43,719,014</u>	<u>\$ 249,163</u>	<u>\$ 43,968,177</u>	<u>\$ 45,807,393</u>	<u>\$ 83,404</u>	<u>\$ 45,890,797</u>

See Independent Auditors' Report.

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

Enterprise Fund
Combining Statements of Cash Flows
For the Year Ended December 31, 2020 and 2019

	2020			2019		
	Light Fund	Broadband Fund	Total	Light Fund	Broadband Fund	Total
Cash Flows From Operating Activities						
Receipts from customers and users	\$ 26,054,357	\$ 1,285,706	\$ 27,340,063	\$ 27,664,486	\$ 1,088,985	\$ 28,753,471
Payments to vendors and employees	<u>(26,090,918)</u>	<u>(1,006,510)</u>	<u>(27,097,428)</u>	<u>(26,021,989)</u>	<u>(701,990)</u>	<u>(26,723,979)</u>
Net Cash Provided By (Used For) Operating Activities	(36,561)	279,196	242,635	1,642,497	386,995	2,029,492
Cash Flows From Noncapital Financing Activities						
Return on investment to Town of Concord	(474,500)	-	(474,500)	(452,000)	-	(452,000)
Due to/from light	(72,555)	72,555	-	(74,932)	74,932	-
Other	<u>117,498</u>	<u>70,623</u>	<u>188,121</u>	<u>278,879</u>	<u>171,646</u>	<u>450,525</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	(429,557)	143,178	(286,379)	(248,053)	246,578	(1,475)
Cash Flows From Capital and Related Financing Activities						
Acquisition and construction of capital assets	(965,081)	(95,600)	(1,060,681)	(2,289,691)	(413,044)	(2,702,735)
Loss on disposition of assets	(11,271)	(2,193)	(13,464)	(320,161)	1,513	(318,648)
Proceeds from bonds	-	-	-	172,000	338,000	510,000
Principal payments on bonds	(685,000)	(125,000)	(810,000)	(650,000)	(100,000)	(750,000)
Principal payments on notes	-	-	-	-	(400,000)	(400,000)
Interest expense	<u>(102,637)</u>	<u>(7,786)</u>	<u>(110,423)</u>	<u>(157,438)</u>	<u>(27,533)</u>	<u>(184,971)</u>
Net Cash (Used For) Capital and Related Financing Activities	(1,763,989)	(230,579)	(1,994,568)	(3,245,290)	(601,064)	(3,846,354)
Cash Flows From Investing Activities						
Investment income	<u>110,302</u>	<u>-</u>	<u>110,302</u>	<u>241,882</u>	<u>-</u>	<u>241,882</u>
Net Cash Provided By Investing Activities	<u>110,302</u>	<u>-</u>	<u>110,302</u>	<u>241,882</u>	<u>-</u>	<u>241,882</u>
Net Change in Cash and Short-Term Investments	(2,119,805)	191,795	(1,928,010)	(1,608,964)	32,509	(1,576,455)
Cash and Short Term Investments, Beginning of Year	<u>13,846,644</u>	<u>76,554</u>	<u>13,923,198</u>	<u>15,455,608</u>	<u>44,045</u>	<u>15,499,653</u>
Cash and Short Term Investments, End of Year	<u>\$ 11,726,839</u>	<u>\$ 268,349</u>	<u>\$ 11,995,188</u>	<u>\$ 13,846,644</u>	<u>\$ 76,554</u>	<u>\$ 13,923,198</u>
Reconciliation of Operating Income (loss) to Net Cash provided by (used for)						
Operating Activities						
Operating income (loss)	\$ (1,768,339)	\$ 90,996	\$ (1,677,343)	\$ (404,473)	\$ 347,421	\$ (57,052)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	1,856,017	70,933	1,926,950	1,811,059	62,691	1,873,750
Changes in assets, liabilities, and deferred outflows/inflows:						
Accounts receivable	(542,724)	23,109	(519,615)	(186,608)	(54,552)	(241,160)
Prepaid expenses	(1,304,221)	14,082	(1,290,139)	(219,349)	8,327	(211,022)
Inventory	(39,860)	19,600	(20,260)	(143,170)	72,986	(70,184)
Other assets	-	(3,075)	(3,075)	-	-	-
Deferred outflows - related to pensions	508,037	(13,706)	494,331	(1,971,286)	(96,143)	(2,067,429)
Deferred outflows - related to OPEB	(124,101)	(24,859)	(148,960)	116,509	1,136	117,645
Accounts payable	694,638	(28,057)	666,581	444,132	41,716	485,848
Accrued liabilities	25,742	20,526	46,268	33,747	12,896	46,643
Customer advances for construction	-	3,255	3,255	-	-	-
Net pension liability	(606,900)	17,511	(589,389)	2,469,230	120,419	2,589,649
Net OPEB liability	(245,913)	26,305	(219,608)	148,522	(108,339)	40,183
Other liabilities	(2,019)	15,828	13,809	15,597	(3,475)	12,122
Deferred inflows - related to pensions	494,716	40,848	535,564	(423,688)	(20,662)	(444,350)
Deferred inflows - related to OPEB	323,547	103	323,650	(11,488)	(1,612)	(13,100)
Deferred inflows - other	<u>694,819</u>	<u>5,797</u>	<u>700,616</u>	<u>(36,236)</u>	<u>4,185</u>	<u>(32,051)</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (36,561)</u>	<u>\$ 279,196</u>	<u>\$ 242,635</u>	<u>\$ 1,642,498</u>	<u>\$ 386,994</u>	<u>\$ 2,029,492</u>

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