

110 Years & Still Going Strong...



GELD

Reliable
Power

Excellent
Service



Affordable
Prices



MEET OUR COMMISSIONERS

The Groton Electric Light Department is a municipal electric utility governed by an elected board of three commissioners. Each commissioner is elected for a three-year term. The commissioners are the policy makers and authorize all major expenditures.

Our commissioners dedicate countless hours of time and energy in their commitment to the Light Department. Decisions are not always easy, but the commissioners work together for the common good of the department and the ratepayers. Since they receive no stipend, you can be assured their dedication is authentic.

The regularly scheduled meetings are held on the first or second Monday of each month at 4:00 p.m. or 5:00 p.m.; always check our website for the most up to date schedule. Ratepayers are welcome and encouraged to attend the monthly meetings.

View our website at www.grotonelectric.org or visit the Town website for meeting locations.

Groton Electric Light Board

<u>Commissioners</u>	<u>Term Expires</u>
Bruce Easom	2020
Kevin J. Lindemer	2021
Rodney R. Hersh	2022



Bruce Easom – Chairman

Kevin J. Lindemer – Clerk

Rodney R. Hersh - Member

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Dear Customer/Owner:

The Groton Electric Light Department is one hundred and ten years old and still going strong. Through solid leadership, loyal employees and a department-wide commitment to our ratepayers and the town we support, we are GELD! Our mission is engrained in all that we do: *to provide our customers reliable power and excellent customer service at affordable prices.*

Although electric revenues were down 2.0% and kWh sales were down 3.48%, GELD had a net gain of \$95,280 in 2019 compared to a net loss of \$104,244 in 2018. The gain was primarily due to a reduction in capacity costs for the year.

Capital Improvements

Capital expenditures include infrastructure improvements, substation enhancements, line equipment and integrated software to support ongoing projects. GELD's major capital expenditures for 2019 included updating the battery system at the substation on Lowell Road as well as replacing old underground services. We expected our digger truck to be built in 2019 but that was delayed by the fabricator until 2020. Old AMI meters are still being replaced as they fail – the technology has been improving since we first began installation in 2005. We continue to trim trees aggressively and we replaced 161 old poles in 2019, shy of our goal of 200 due to two unexpected linemen retirements. Maintaining our equipment is important to ensuring continuity in reliability and stability for our customers and our employees.

GELD remains on the cutting edge of technology with advances in our GIS, outage management and billing systems via new software and technology enhancements.

Power Supply

The Berkshire Wind Power Project had its eighth full year of operation producing power at 30.74% of its capacity. We also participate in a second wind project in Hancock, ME and it produced power at 32.6% of its capacity in 2019-its third full year of operation. GELD's 2.3 Megawatt (MW) solar farm on the closed landfill on Cow Pond Brook Road is producing approximately 25% of GELD's power needs (at times) in the spring and fall and operated at a capacity of 17.49% for 2019. Wind, Solar, and other renewable energy sources help to diversify GELD's power supply portfolio and help to reduce our reliance on fossil fuels.

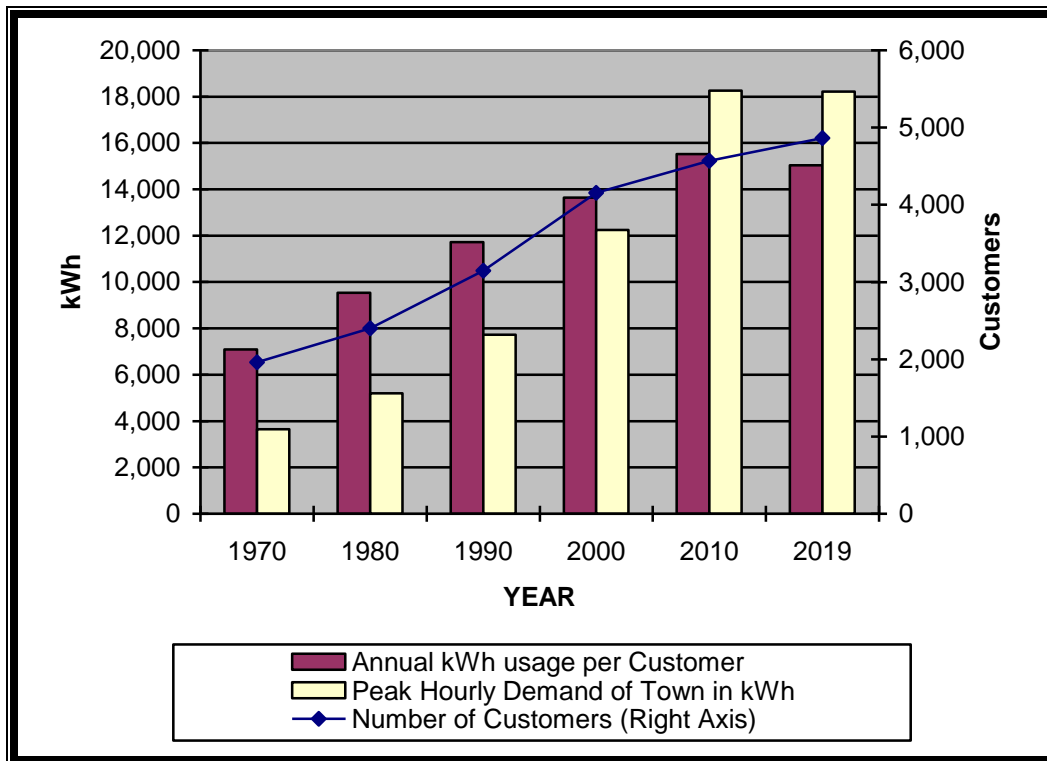
GELD's complete power mix portfolio for 2019 consisted of 46.5% nuclear, 26.2% natural gas, 11.6% hydro-electric, 3.2% refuse, 6.6% wind, 0.2% coal, 0.1% oil, and 5.5% solar. GELD's power mix was 70.2% carbon-free and 27.0% renewable for 2019.

Natural gas prices were favorable for most of 2019. The colder months (January-March) continue to see higher than normal energy prices because of natural gas transmission constraints in New England. Electric transmission costs continue to increase with no sign of slowing down. The GELD management team monitors power supply options monthly to ensure the best hedging possible for the ratepayers.

Growth Trends

Our rates remain as one of the lowest in Massachusetts. The peak usage in 2019 of 18.21 megawatts (MW) was in the month of July and was higher than our peak of 17.46 MW in 2018. Groton's kilowatt-hour sales decreased by 3.48% for the year. Our customer count increased by 45 new services and we mailed out 4863 bills at the end of the year.

The graph below indicates that our number of customers is increasing at a slower rate after decades of rapid growth. Individual customer usage has remained steady over the past nine years.



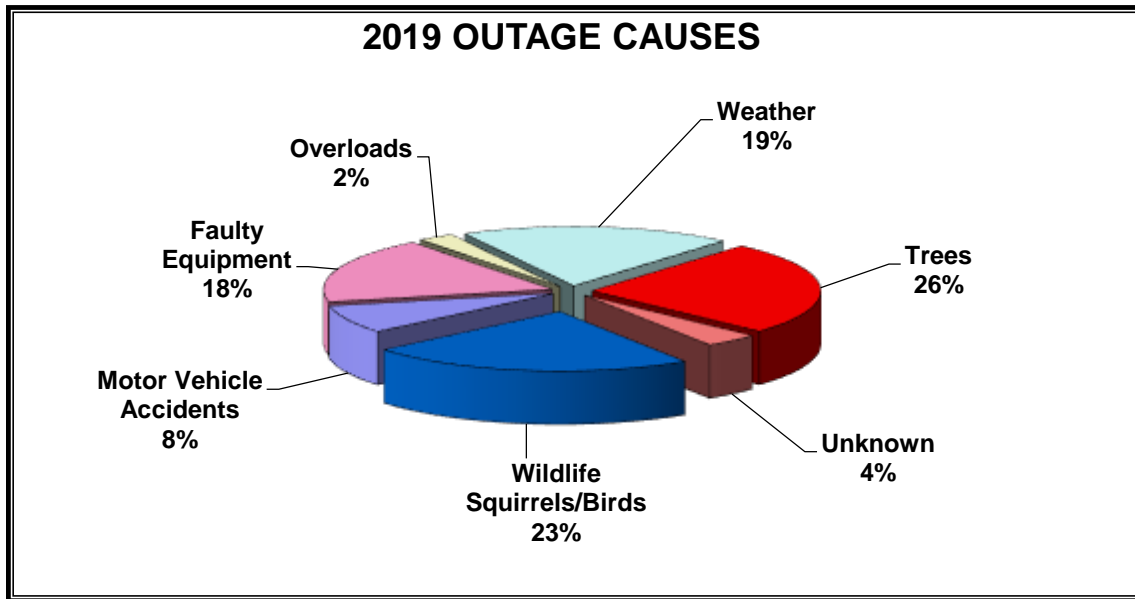
Service & Reliability

Although our customer satisfaction survey was done several years ago, GELD remains rated #1 among our municipal peers in Massachusetts. That’s quite a feat since municipal light departments are known for their excellent service and reliability. That is one of the many things that sets us apart from Investor-Owned Utilities such as National Grid and Until. GELD employees are committed to providing excellent customer service to our ratepayers whether it is face to face in our office, over the phone or in the field.

GELD trims trees for the reliability and safety of its distribution system. GELD’s tree contractor – Northern Tree – does an excellent job of maintaining a fair balance between Groton’s beautiful tree-lined streets and the need to trim aggressively to reduce service interruptions. As certified arborists they will only remove trees and branches in our easement that are or will become a direct threat to our electric distribution system.

One of GELD’s highest priorities is to respond to outages promptly and to restore power in the safest manner possible. The linemen have been aggressively replacing old poles and old service lines, but due to two unexpected retirements in 2019, did not quite make their goal of replacing 200 poles. Maintaining infrastructure contributes to fewer outages caused by trees and faulty equipment. Our line crew does a phenomenal job maintaining GELD’s infrastructure.

In 2015, GELD set the standard for reliability, so future years will be benchmarked against 2015’s record. Unfortunately, 2019 did not meet the standard that was set in 2015. The number of outage incidents increased from 61 in 2018 to 78 in 2019, but the total hours of customer outages decreased from 7,397 in 2018 to 4,220 in 2019 which was an average outage of approximately 51.6 minutes per household for the year.



Trees and wildlife (mostly squirrels) remain the number one and two causes of outage incidents in Groton. Weather was a close third in 2019.

Financial Highlights

For 2019, GELD had a net gain of \$95,280 or 0.69% of plant value. This is an increase of \$199,524 compared to 2018. A Power Cost Adjustment (PCA) added to the January, February and March 2019 bills as well as a withdrawal of \$144,000 from our Select Trust Fund helped recoup the increased generation costs associated with higher power and fuel costs in the winter months when natural gas is in short supply.

KWh sales for the year decreased by 3.48% and electric revenues were down 2.0%. We continue to offer an approximate 10% discount to customers who pay their bill by the 12th of the month and we observe a double discount to celebrate the holidays for the bill received December 1. We ended the year with the ninth lowest rates out of 42 Massachusetts utilities for the average 750 kWh electric user. The two investor-owned utilities that service the surrounding towns, National Grid and Unitil, have rates that are 90% and 105.3% higher than Groton Electric respectively.

Our mission is engrained in all that we do: *to provide our customers reliable power and excellent customer service at affordable prices.* We are GELD!

Thank you to our hardworking and loyal employees; thank you to the Groton ratepayers for their unending support of Groton’s locally owned and operated Light Department; and thank you to the Light Board of Commissioners for their selfless commitment and true dedication.

Sincerely,

Manager

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

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Groton Electric Light Department
Groton, Massachusetts 01450

We have audited the accompanying financial statements of Groton Electric Light Department as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Department'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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Groton Electric Light Department as of December 31, 2019 and 2018, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Groton Electric Light Department and do not purport to, and do not present fairly the financial position of the Town of Groton, Massachusetts, as of December 31, 2019 and 2018, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Other Postemployment Benefits, and Net Pension Liability information on pages three through six and 37 through 40 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 an opinion on the basic financial statements as a whole. The supplementary information presented on pages 41 through 43 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
March 30, 2020

Management's Discussion and Analysis

Within this section of the Groton Electric Light Department's annual financial report, management provides narrative discussion and analysis of the financial activities of the Groton Electric Light Department for the years ended December 31, 2019 and 2018. The Department's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL STATEMENTS

The financial statements include:

The Statements of Net Position are designed to indicate our financial position as of December 31, 2019 and 2018. Net Position, which indicates the value of our plant (substation, distribution system, inventory, cash, etc.) less our liabilities decreased by \$13,062 compared to last year.

The Statements of Revenues, Expenses and Changes in Net Position summarize our operating results and reveal how much net income was earned for the year. As discussed in more detail below, our net income for 2019 was \$95,280 which is less than 1% of the value of our net plant, compared to a net loss of \$104,244 in 2018.

The Statements of Cash Flows provide information about the cash receipts and cash payments during the accounting period. They also provide information about the investing and financing activities for the same period. A review of our Statements of Cash Flows indicates that cash receipts from operating activities (electricity sales and related services) adequately covered our operating expenses. We believe that our cash and cash-equivalents are ample to meet our known obligations and exposure to risks.

Summary of Net Position

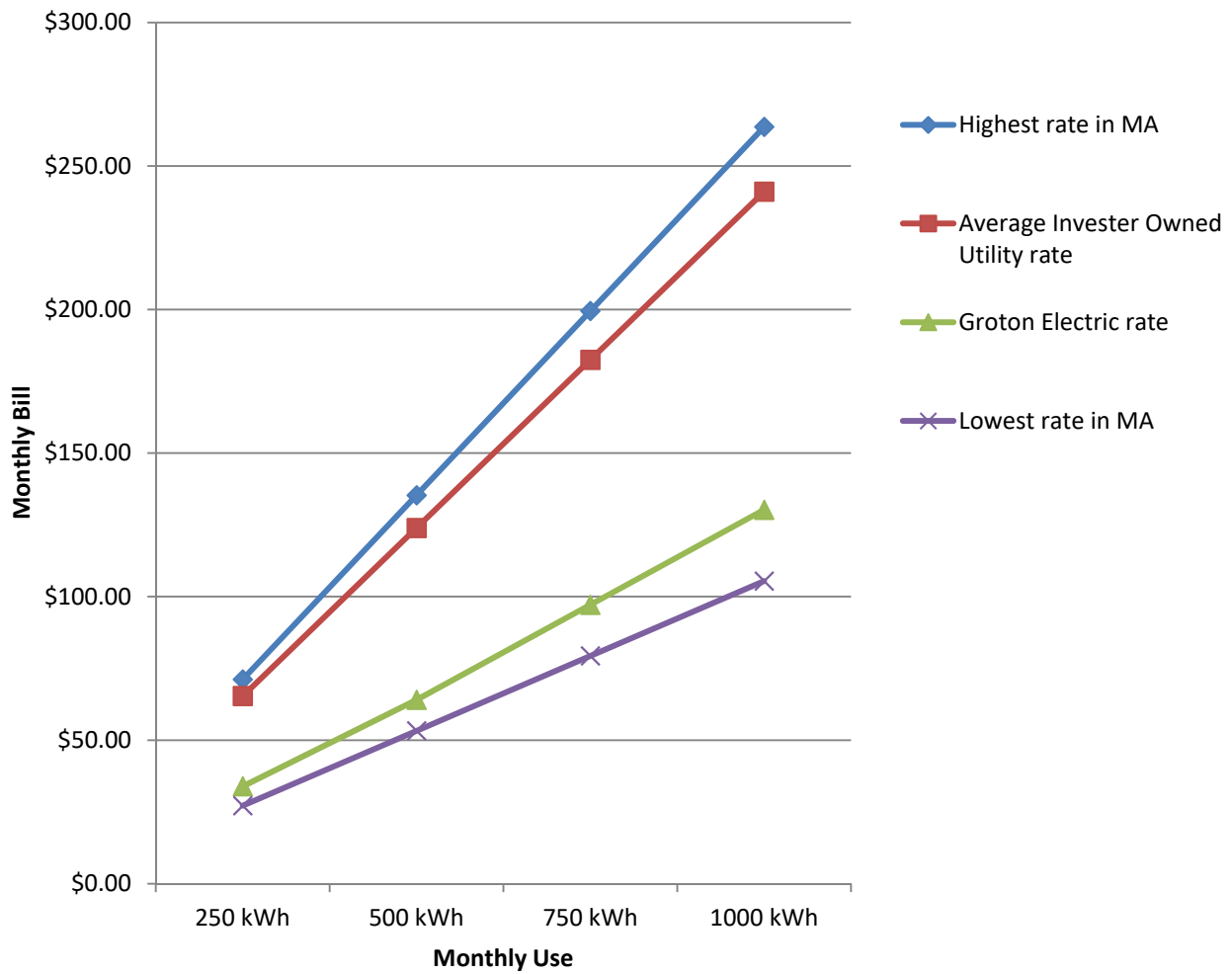
	2019	2018
Current Assets	\$ 2,917,002	\$ 2,901,736
Noncurrent Assets	15,604,705	15,708,815
Total Assets	18,521,707	18,610,551
Deferred Outflows of Resources	1,618,684	1,718,400
Total Assets and Deferred Outflows of Resources	\$ 20,140,391	\$ 20,328,951
Current Liabilities	\$ 1,497,870	\$ 1,770,141
Noncurrent Liabilities	6,869,532	6,621,625
Total Liabilities	8,367,402	8,391,766
Deferred Inflows of Resources	2,802,153	2,953,287
Net Position:		
Net Investment in Capital Assets	12,130,681	11,991,368
Unrestricted Net Position	(3,159,845)	(3,007,470)
Total Net Position	8,970,836	8,983,898
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 20,140,391	\$ 20,328,951

Summary of Changes in Net Position

	<u>2019</u>	<u>2018</u>
Operating Revenue	\$ 10,189,479	\$ 10,672,902
Operating Expenses	<u>(10,066,361)</u>	<u>(10,730,127)</u>
Operating Income	123,118	(57,225)
Nonoperating Revenues	<u>(27,838)</u>	<u>(47,019)</u>
Income before Contributions and Transfers	95,280	(104,244)
Net Position, January 1	8,983,898	9,120,862
Transfers Out – Payment in Lieu of Taxes	<u>(108,342)</u>	<u>(32,720)</u>
Net Position, December 31	<u>\$ 8,970,836</u>	<u>\$ 8,983,898</u>

HOW OUR RATES COMPARE
Average Rate Jan. – Dec. 2019

At Various Residential Use Levels

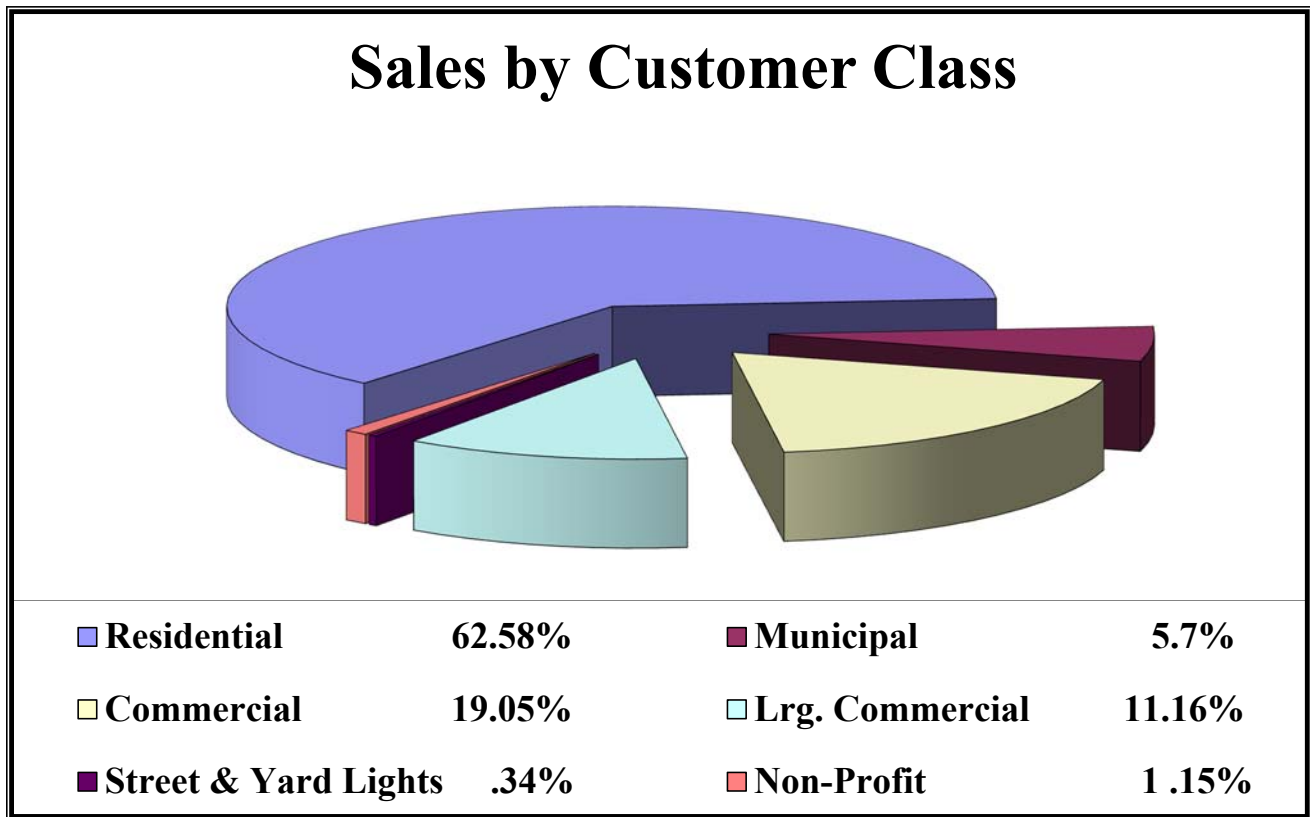


FINANCIAL HIGHLIGHTS

GELD began 2019 facing high energy prices in the winter months caused by natural gas supply constraints. However, a Power Purchase Cost Adjustment (PCA) which was added to our bills January through March combined with a \$144,593 withdrawal from our Select Trust Fund assisted in covering those energy costs early in the year. Electric revenues were down 2.0% while kilowatt-hour sales were down 3.5% for the year. Capacity costs for the year dropped substantially, so even with a decrease in electric sales of \$197,382 our net income improved \$199,524 compared with 2018.

Our 2.3-megawatt Solar Farm combined with our ownership interest in the Berkshire Wind Power Project, a wind project in Hancock, Maine and hydropower from Niagara Falls, New York gives us a varied portfolio of clean energy. Investing in energy projects like these have lowered our carbon footprint while diversifying GELD’s power supply portfolio and assists in reducing our reliance on fossil fuels. GELD’s percentage of electricity from renewable sources increased from 26.7% in 2018 to 27.0% in 2019 with 70.2% of our portfolio provided by carbon free sources.

As illustrated in the following graph, we receive most of our revenue from the residential rate class. Of the few utilities that have residential rates lower than ours, most of them have large commercial bases. We are proud that we are able to maintain low rates even though we lack a large commercial and industrial base. Our large commercial customer class consists of only three customers and two of them are private schools. We ended 2019 with the ninth lowest rates out of 42 Massachusetts utilities for the twelve-month average 750 kWh user. The two investor owned utilities that service the surrounding towns, National Grid and Unitol, have rates 90.0% and 105.3%, respectively, higher than Groton Electric.



Our 2019 peak was 18.21 MW, 4.3% higher than our peak in 2018 of 17.46 MW, even though there weren’t any memorable heat waves in 2019. We have now had three consecutive mild summers resulting in reduced revenues. Our goal is to set our rates to produce a net income of 2% over the inflation rate compared to our net plant. This is based on our best forecasts

regarding future power costs and sales volume and keeps the net income below the 8% maximum permitted by statute for Massachusetts municipal electric systems.

FINANCIAL HIGHLIGHTS (Continued)

Debt Administration:

As discussed in more detail following, our financial condition is strong. Our current and long-term debt is \$1,618,940 which is 8.04% of our total assets. Our cash and cash-equivalents are ample to meet our known obligations and exposure to risks.

Utility Plant:

The net value of our Utility Plant increased from \$13,738,831 to \$13,749,621 during 2019.

Significant Balances and Transactions:

Our **insurance reserve fund** has a balance of \$136,003, more than twice the \$50,000 self-retention amount that we are responsible for under our general liability policy. Our current plan is to hold the amount in excess of the self-retention for nuisance claims or where damages exceed the covered limit.

The **rate stabilization fund** was initially set up to mitigate the difference between the market cost of energy and our long-term energy contracts. The \$1,468,495 we now have in the fund is slated to help keep our future rates stable during times of market volatility.

The **maintenance fund** represents funds on deposit for the payment of current liabilities.

An **OPEB** (other postemployment benefits) Trust has been created at MMWEC. This is an irrevocable trust which can only be used for the purpose of paying postemployment benefits. Groton Electric joined the trust with an initial deposit of \$200,000 in 2012. We now have \$1,386,599 on deposit to meet our postemployment benefits obligation of \$1,470,289. Our net OPEB liability is 94.3% funded.

The **purchased power working capital** is an amount held by our power supply agent, the Massachusetts Municipal Wholesale Electric Company (MMWEC). In order to pay our bills as they become due, MMWEC requires that it hold enough to cover the costs. This fund is replenished as needed from our monthly invoice payments. MMWEC credits Groton Electric with the interest earned on these funds. We ended 2019 with \$991,899 in this fund.

Pension Plan:

A substantial change on GELD's books during 2018 was a more accurate reporting of our pension liability. Believing that the past ways pension liabilities have been reported by all public entities in MA has been overly optimistic, GELD has been challenging the way things have been previously done at the county retirement level. In addition to GELD's annual contribution to the pension expense increasing from \$157,725 in 2008 to \$410,200 in 2018 and \$433,554 in 2019, the long-term liability has been increased from \$4,464,977 to \$4,850,736 over the last year.

GROTON ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2019	2018	INCREASE (DECREASE)
CURRENT ASSETS:			
Funds on Deposit with Town Treasurer			
Maintenance	\$ 266,537	\$ 157,877	\$ 108,660
Accounts Receivable - Customers, Net	968,114	1,011,502	(43,388)
Accounts Receivable - Tax Liens	1,502	4,094	(2,592)
Accounts Receivable - Other	77,364	159,955	(82,591)
Materials and Supplies	513,290	474,715	38,575
Prepaid Expenses	48,442	53,022	(4,580)
Purchased Power Prepayments	49,854	48,887	967
Purchased Power Working Capital	991,899	991,684	215
	<u>2,917,002</u>	<u>2,901,736</u>	<u>15,266</u>
NONCURRENT ASSETS:			
Funds on Deposit with Town Treasurer			
Insurance Reserve Fund	136,003	132,796	3,207
Customer Deposits	242,330	240,651	1,679
Investments	8,256	8,256	0
Rate Stabilization Fund	1,468,495	1,443,688	24,807
Select Energy Fund	0	144,593	(144,593)
Utility Plant Assets, Net	13,749,621	13,738,831	10,790
	<u>15,604,705</u>	<u>15,708,815</u>	<u>(104,110)</u>
TOTAL ASSETS	<u>18,521,707</u>	<u>18,610,551</u>	<u>(88,844)</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources Related to Pensions	1,506,591	1,632,824	(126,233)
Deferred Outflows of Resources Related to OPEB	112,093	85,576	26,517
	<u>1,618,684</u>	<u>1,718,400</u>	<u>(99,716)</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 20,140,391</u>	<u>\$ 20,328,951</u>	<u>\$ (188,560)</u>

See Accompanying Notes to the Financial Statements

GROTON ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2019</u>	<u>2018</u>	<u>INCREASE (DECREASE)</u>
CURRENT LIABILITIES:			
Accounts Payable	\$ 1,194,653	\$ 1,395,245	\$ (200,592)
Bond Payable, Current	93,013	128,523	(35,510)
Accrued Expenses	<u>210,204</u>	<u>246,373</u>	<u>(36,169)</u>
TOTAL CURRENT LIABILITIES	<u>1,497,870</u>	<u>1,770,141</u>	<u>(272,271)</u>
NONCURRENT LIABILITIES:			
Customer Deposits	224,881	222,776	2,105
Customer Advances for Construction	48,295	42,153	6,142
Bond Payable, Net of Current Portion	1,525,927	1,618,940	(93,013)
Net Pension Liability	4,850,736	4,464,977	385,759
Net OPEB Liability	83,690	139,983	(56,293)
Accumulated Provision for Insurance	<u>136,003</u>	<u>132,796</u>	<u>3,207</u>
TOTAL NONCURRENT LIABILITIES	<u>6,869,532</u>	<u>6,621,625</u>	<u>247,907</u>
TOTAL LIABILITIES	<u>8,367,402</u>	<u>8,391,766</u>	<u>(24,364)</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Gain on Refinance of Bond	0	236	(236)
Contribution in Aid of Construction, Net	974,352	916,976	57,376
Reserve for Rate Stabilization	1,468,495	1,443,688	24,807
Reserve for Select Energy	0	144,593	(144,593)
Deferred Inflows of Resources Related to Pensions	248,226	445,400	(197,174)
Deferred Inflows of Resources Related to OPEB	<u>111,080</u>	<u>2,394</u>	<u>108,686</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,802,153</u>	<u>2,953,287</u>	<u>(151,134)</u>
NET POSITION:			
Net Investment in Capital Assets	12,130,681	11,991,368	139,313
Unrestricted Net Position	<u>(3,159,845)</u>	<u>(3,007,470)</u>	<u>(152,375)</u>
TOTAL NET POSITION	<u>8,970,836</u>	<u>8,983,898</u>	<u>(13,062)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 20,140,391</u>	<u>\$ 20,328,951</u>	<u>\$ (188,560)</u>

See Accompanying Notes to the Financial Statements

GROTON ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

OPERATING FUND

	<u>2019</u>	<u>2018</u>	<u>INCREASE (DECREASE)</u>
OPERATING REVENUES:			
Sales of Electricity	\$ 9,736,756	\$ 9,934,138	\$ (197,382)
Other Operating Revenues	<u>452,723</u>	<u>738,764</u>	<u>(286,041)</u>
 TOTAL OPERATING REVENUES	 <u>10,189,479</u>	 <u>10,672,902</u>	 <u>(483,423)</u>
OPERATING EXPENSES:			
Operations	8,622,374	9,366,886	(744,512)
Maintenance	1,001,419	927,776	73,643
Depreciation, Net of Amortization	<u>442,568</u>	<u>435,465</u>	<u>7,103</u>
 TOTAL OPERATING EXPENSES	 <u>10,066,361</u>	 <u>10,730,127</u>	 <u>(663,766)</u>
 OPERATING INCOME (LOSS)	 <u>123,118</u>	 <u>(57,225)</u>	 <u>180,343</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Income	44,128	38,596	5,532
Interest Expense	<u>(71,966)</u>	<u>(85,615)</u>	<u>13,649</u>
 TOTAL NONOPERATING REVENUES (EXPENSES)	 <u>(27,838)</u>	 <u>(47,019)</u>	 <u>19,181</u>
 Income (Loss) Before Contributions and Transfers	 95,280	 (104,244)	 199,524
 NET POSITION - JANUARY 1	 8,983,898	 9,120,862	 (136,964)
 Transfers Out - Payment in Lieu of Taxes	 <u>(108,342)</u>	 <u>(32,720)</u>	 <u>(75,622)</u>
 NET POSITION - DECEMBER 31	 <u>\$ 8,970,836</u>	 <u>\$ 8,983,898</u>	 <u>\$ (13,062)</u>

GROTON ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

OPERATING FUND

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 10,086,021	\$ 10,630,393
Cash Paid to Suppliers	(7,120,299)	(7,992,166)
Cash Paid to Employees	(1,351,960)	(1,258,182)
Cash Paid for Benefits	(1,045,549)	(856,340)
Rents from Electric Property	225,980	273,101
Payment in Lieu of Taxes	(108,342)	(32,720)
Net Cash Provided by Operating Activities	685,851	764,086
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to Plant Assets	(483,101)	(722,090)
Net Transfers from Depreciation Fund	0	192,636
Principal Repayment on Bond Payable	(125,510)	(122,350)
Customer Advances for Construction	93,262	56,666
Interest Paid	(72,518)	(84,868)
Net Cash Used in Capital and Related Financing Activities	(587,867)	(680,006)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Income	12,355	5,352
NET INCREASE IN CASH AND CASH EQUIVALENTS	110,339	89,432
CASH AND CASH EQUIVALENTS - BEGINNING	398,528	309,096
CASH AND CASH EQUIVALENTS - ENDING	\$ 508,867	\$ 398,528

GROTON ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

OPERATING FUND

	2019	2018
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 123,118	\$ (57,225)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation, Net of Amortization	442,568	435,465
Allowance for Doubtful Accounts	189	(1,055)
Select Energy Fund	1,060	2,678
Insurance Reserve	3,207	2,732
Rate Stabilization	24,808	22,545
Appropriation in Lieu of Taxes	(108,342)	(32,720)
Pension Expense	737,088	659,912
OPEB Expense	62,967	69,844
(Increase) Decrease in Assets:		
Accounts Receivable - Customers, Net	43,199	(88,340)
Accounts Receivable - Tax Liens	2,592	5,042
Accounts Receivable - Other	82,591	287,732
Deferred Outflows of Resources Related to Pensions	(422,270)	(421,777)
Materials and Supplies	(38,575)	35,994
Prepaid Expenses	4,580	(10,835)
Purchased Power Prepayments	(967)	(38,466)
Purchase Power Working Capital	(215)	(40,335)
Increase (Decrease) in Liabilities:		
Accounts Payable	(200,592)	20,930
Customer Deposits	2,105	(16,793)
Accrued Expenses	(36,169)	18,729
Net OPEB Liability	(37,091)	(89,971)
	\$ 685,851	\$ 764,086

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

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

	2019	2018
Maintenance Fund	266,537	157,877
Customer Deposits	242,330	240,651
	\$ 508,867	\$ 398,528

Cash paid for interest in 2019 and 2018 was \$72,518 and \$84,868, respectively.

GROTON ELECTRIC LIGHT DEPARTMENT
 STATEMENTS OF FIDUCIARY NET POSITION
 DECEMBER 31, 2019 AND 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND

ASSETS

	2019	2018
NON CURRENT ASSETS:		
Funds on Deposit with MMWEC		
Cash and Investments	\$ 1,386,599	\$ 1,182,547

NET POSITION

FIDUCIARY NET POSITION - Restricted	\$ 1,386,599	\$ 1,182,547
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 GROTON ELECTRIC LIGHT DEPARTMENT
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 DECEMBER 31, 2019 AND 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND

	2019	2018
ADDITIONS:		
Net Investment Income (Loss)	\$ 204,052	\$ (35,137)
Contributions	0	52,000
Total Additions	204,052	16,863
CHANGE IN FIDUCIARY NET POSITION	204,052	16,863
FIDUCIARY NET POSITION - January 1	1,182,547	1,165,684
FIDUCIARY NET POSITION - December 31	\$ 1,386,599	\$ 1,182,547

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of Groton Electric Light Department are as follows:

Reporting Entity

The Groton Electric Light Department is a component unit of the Town of Groton, Massachusetts. The Light Department purchases power from various sources and sells it to the ultimate customer at rates submitted to the Massachusetts Department of Public Utilities (DPU). The Electric Light Department shall appoint a manager of municipal lighting who shall, under the direction and control of the Municipal Light Board, have full charge of the operation and management of the plant.

Regulation and Basis of Accounting

The Department'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 Light Department are set by the Municipal Light Board and may be changed not more than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU regulates the billing and termination procedures to be adhered to by the Light Department, the Light Department'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 Light Department used a depreciation rate of 2.5% for 2019 and 2018.

The Department charges maintenance to expense when incurred. Replacements and betterments are charged to utility plant.

Cash and Cash Equivalents

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

Accounts Receivable

The Department carries its accounts receivable at cost. The allowance for doubtful accounts recorded is based on a three-year average of write-offs in conjunction with a review of the aged receivables. The Department can place a lien against a property if payment is not made. For non-owners, the Department requires a deposit that can be applied to any unpaid amounts. On a periodic basis, the Department does evaluate its accounts receivable to determine if any write-offs are necessary.

To encourage customers to pay their bills timely, the Department offers their customers a 10% discount if their bill is paid in full by the twelfth of the month.

Taxes

The Department is exempt from federal income taxes. Although also exempt from property taxes, the Department pays amounts in lieu of taxes to the Town of Groton.

Sales Tax

The Department 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.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

Revenue Recognition

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

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

Revenues are recognized for energy service provided on a monthly billing cycle basis. No recognition is given to the amount of sales to customers, which are unbilled at the end of the accounting period.

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.

Reclassification

Certain prior year amounts have been reclassified to conform to 2019 financial statement presentation with no effect on previously stated net income.

Compensated Absences

In accordance with lighting plant policies, employees are allowed to accumulate sick days with no maximum. Upon termination and after 10 years of service of employment with the light plant, except for involuntary discharge, the employee will be paid half of the accumulated time. Each employee is permitted a total of ten sick days per year.

Employees are permitted to carryover vacation time from one year to the next, up to a maximum of one year's accrual plus one week. Upon termination of employment with the light department, the employee will be paid for unused vacation time based on the employee's base rate of pay at the time of termination.

Materials and Supplies

Materials and supplies are valued using the first-in/first-out (FIFO) method.

Contribution in Aid of Construction

Contribution in Aid of Construction represents non-refundable payments received from consumers and developers for extension of electric services for assets owned and maintained by Groton Electric Light Department. These amounts are recorded as a deferred inflow of resources net of amortization.

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 Middlesex County 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.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

Other Postemployment Benefits (OPEB)

For purposes of measuring the Department'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 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.

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.

NOTE 2 - 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 Light Board determines are above market value.

NOTE 3 - INSURANCE RESERVE FUND:

The Department has set up an insurance reserve fund, which is to be used to reduce the future costs of insurance expense.

NOTE 4 - FUNDS HELD AT MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY (MMWEC):

Rate Stabilization Fund

The rate stabilization fund was created as an aftermath of the Massachusetts Electricity Restructuring Act of 1997. These funds are for unexpected escalation in costs, such as the decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission cost increases. At December 31, 2019 and 2018 the balance was \$1,468,495 and \$1,443,688, respectively. The balance in the fund is offset by a deferred inflow of resources for the accumulated provision for rate refund. These funds are commingled and deposited in investment pools. The total amount of this investment pool as of December 31, 2019 and 2018 was \$81,726,980 and \$84,051,022, respectively, of which Groton Electric Light Department's ownership was approximately 1.8% and 1.7%, respectively.

Purchased Power Working Capital

The purchased power working capital is an amount held by MMWEC, the Department's power supply agent. The implementation of the Working Capital Program began August 1, 1985. MMWEC participants approved certain working capital amendments to the various power purchase agreements. MMWEC requires that they hold a set amount of capital from which they may pay the Department's power obligations when they are due. MMWEC replenishes the fund as needed from the Department's monthly invoice payments. The income earned allocated to the Light Department is applied as a credit to MMWEC Power Sales Billings. The balance in the Fund at December 31, 2019 and 2018 was \$991,899 and \$991,684, respectively. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2019 and 2018 was \$17,947,001 and \$17,450,779, respectively, of which Groton Electric Light Department's ownership was approximately 5.5% and 5.7%, respectively.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 4 - FUNDS HELD AT MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY (MMWEC) (Continued):

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 our power obligation for the delivery of power and other obligations associated with NYPA's hydro projects. The NYPA fund balance at December 31, 2019 and 2018 was \$50,793. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2019 and 2018 was \$4,312,061 and \$4,287,198, respectively, of which Groton Municipal Light Department's ownership was approximately 1.0% in each year.

NOTE 5 - TRANSACTIONS WITH POWER SUPPLY AGENT:

GELD participates in MMWEC's "All Requirements" power supply program. In this program, MMWEC enters into bulk power purchase contracts and other arrangements to meet the power supply needs of its members as efficiently and economically as possible. One of the contracts that MMWEC entered into on behalf of the All Requirements participants was the "Select Energy Contract". With this contract, MMWEC received power and energy through a 50 megawatt contract with Select Energy. The Select Energy contract provided system power for a term that ran through 2011. During the third quarter of 2005, the contract with Select Energy was terminated. MMWEC on behalf of the ten All Requirements participants received \$82,000,000 in proceeds which they have deposited in a custodial account for the benefit of the current All Requirements participants. There is an irrevocable trust "All Requirements Select Energy Termination Trust" that was established that will protect the funds from creditors of both MMWEC and the participants. The funds are to be used to offset power costs for replacement of energy and capacity above the costs that would have been incurred with the Select contract. GELD's portion of the \$82,000,000 buy-out was \$3,608,000. At December 31, 2019 and 2018 the remaining balance was \$0 and \$144,593, respectively.

NOTE 6 - CUSTOMER DEPOSITS:

At December 31, 2019 and 2018, the customer deposit account on deposit with the Town Treasurer was \$242,330 and \$240,651, respectively.

NOTE 7 - INVESTMENT:

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

NOTE 8 - RELATED PARTY TRANSACTIONS:

In the ordinary course of business, the Light Department sells electricity to various town departments. During the years ended December 31, 2019 and 2018, sales to these departments totaled \$591,900 and \$599,214, respectively. As of December 31, 2019 and 2018, accounts receivable from these departments was \$59,026 and \$59,146, respectively.

The Light Department reimburses the town for various employee benefits and services, including health insurance, retirement, and payment in lieu of taxes. During the years ended December 31, 2019 and 2018, the total amount paid for these services was \$849,885 and \$809,192, respectively. As of December 31, 2019 and 2018, amounts payable to the town were \$65,792 and \$64,132, respectively.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 9 - UTILITY PLANT ASSETS:

	Balance January 1, 2019	Increases	Decreases	Balance December 31, 2019
Capital Assets Not Being Depreciated:				
Land	\$ 1,218,002	\$ 0	\$ 0	\$ 1,218,002
Construction in Progress	<u>158,534</u>	<u>20,416</u>	<u>(17,636)</u>	<u>161,314</u>
Total Capital Assets Not Being Depreciated	<u>1,376,536</u>	<u>20,416</u>	<u>(17,636)</u>	<u>1,379,316</u>
Capital Assets Being Depreciated:				
Distribution Plant	12,000,361	480,321	(118,092)	12,362,590
General Plant	<u>6,892,097</u>	<u>0</u>	<u>0</u>	<u>6,892,097</u>
Total Capital Assets Being Depreciated	<u>18,892,458</u>	<u>480,321</u>	<u>(118,092)</u>	<u>19,254,687</u>
Less Accumulated Depreciation for:				
Distribution Plant	(5,740,759)	(300,009)	118,092	(5,922,676)
General Plant	<u>(789,404)</u>	<u>(172,302)</u>	<u>0</u>	<u>(961,706)</u>
Total Accumulated Depreciation	<u>(6,530,163)</u>	<u>(472,311)</u>	<u>118,092</u>	<u>(6,884,382)</u>
Capital Assets Being Depreciated, Net	<u>12,362,295</u>	<u>8,010</u>	<u>0</u>	<u>12,370,305</u>
Utility Plant Assets, Net	<u>\$ 13,738,831</u>	<u>\$ 28,426</u>	<u>\$ (17,636)</u>	<u>\$ 13,749,621</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$472,311 and \$461,106, respectively. Depreciation expense reported on the Statements of Revenues, Expenses and Changes in Net Position, is net of amortization of \$29,743 and \$25,641 related to contribution in aid of construction for the years ended December 31, 2019 and 2018, respectively.

NOTE 10 - NET INVESTMENT IN CAPITAL ASSETS:

	<u>2019</u>	<u>2018</u>
Cost of Capital Assets Acquired	\$ 20,634,003	\$ 20,268,995
Less: Accumulated Depreciation	(6,884,382)	(6,530,164)
Less: Outstanding Debt Related to Capital Assets	<u>(1,618,940)</u>	<u>(1,747,463)</u>
Net Investment in Capital Assets	<u>\$ 12,130,681</u>	<u>\$ 11,991,368</u>

NOTE 11 - ACCOUNTS RECEIVABLE - CUSTOMERS:

Accounts Receivable - Customers consists of the following:

	<u>2019</u>	<u>2018</u>
Accounts Receivable – Customers	\$ 969,790	\$ 1,012,989
Allowance for Doubtful Accounts	<u>(1,676)</u>	<u>(1,487)</u>
Net	<u>\$ 968,114</u>	<u>\$ 1,011,502</u>

GROTON ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018

NOTE 12 - OTHER ACCOUNTS RECEIVABLE:

Other accounts receivable consist of the following:

	2019	2018
Merchandising and Jobbing	\$ 74,955	\$ 128,887
Purchased Power Receivable	2,409	31,068
Total Other Accounts Receivable	\$ 77,364	\$ 159,955

NOTE 13 - CONSTRUCTION IN PROGRESS:

The Substation pole transfer project was started in 2016. The department has incurred costs of \$142,130 through December 31, 2019. This project is not complete however no additional expenses are anticipated until 2020.

The Academy Hill phase 3 projects started in 2018. The developer has paid \$48,295 for this phase, and the department has incurred costs of \$8,065 as of December 31, 2019.

The Moulton Construction, Rocky Hill phase 3 project, started in 2018. The developer has paid \$27,656 for this phase, and the department has incurred costs of \$27,656 as of December 31, 2019.

The West Groton Water Department well refurbishing project was started in 2018. The Department has received \$18,503 and incurred expenses of \$18,503 as of December 31, 2019. This project was completed.

The Garner House Project at Groton School was started in 2019. The Department has received \$11,119 and incurred expenses of \$11,119 as of December 31, 2019. This project is ongoing.

The 449 Boston Road project for Steven Roux was started in 2019. The department received \$4,148 and incurred expenses of \$2,756. The project was completed, and a refund was issued for \$1,392.

The 423 Old Ayer Road project for Patricia Madigan was started in 2019. The department received \$11,339 and incurred expenses of \$7,790. The project was completed, and a refund was issued for \$3,549.

The 31 Adams Ave voltage upgrade project for Platt Builders was started in 2019. The department incurred expenses of \$2,500. The project was completed, and an invoice for payment has been sent.

The new garage project for the Groton Highway Department was started in 2019. The department incurred expenses of \$11,056. The project was completed, and an invoice for payment has been sent.

NOTE 14 - CASH AND INVESTMENTS:

Concentration of Credit Risk

The Groton Electric Light Department's deposits with the Town Treasurer are commingled and invested with deposits from other Town funds. It is not practical to disclose the related bank balance and credit risk of such cash deposits for the Department. 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 Department deposits are not determinable because the limits of insurance are computed on a town-wide basis.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 15 - BONDS PAYABLE:

On July 15, 2001, the Town issued a General Obligation Bond in the amount of \$750,000. The bond was used for repair and replacement of equipment at the substation. Principal payments were due annually on July 15. Interest was due biannually on January 15 and July 15 at rates payable from two to five percent. The Town refinanced two municipal purpose loans in November 2010, therefore reducing the amount of interest by \$11,319. The bond refinance gain was deferred and amortized over the life of the old debt or the life of the new debt, whichever is shorter, on a basis that approximates the effective-interest method. This gain is shown as a deferred inflow of resources on the accompanying financial statements. The bond matured on July 15, 2019.

On August 1, 2014, the Town issued a General Obligation Bond in the aggregate amount of \$2,000,000. The bond was issued for the purpose of designing and constructing a new Groton Electric Light Department building. Principal payments are due annually on November 1. Interest is due semi-annually on each November 1 and May 1 at rates payable from 2% to 3.25%. The bond matures on November 1, 2033.

The debt service requirements on the bonds are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For The Year Ending December 31,	2020	\$ 90,000	\$ 48,550	\$ 138,550
	2021	95,000	45,850	140,850
	2022	100,000	43,000	143,000
	2023	100,000	40,000	140,000
	2024	105,000	37,000	142,000
	2025-2029	565,000	136,400	701,400
	2030-2033	<u>520,000</u>	<u>42,739</u>	<u>562,739</u>
		1,575,000	<u>\$ 393,539</u>	<u>\$ 1,968,539</u>
Plus: Unamortized Net Premiums		43,940		
Less: Current Maturities of Long Term Debt		<u>(93,013)</u>		
		<u>\$ 1,525,927</u>		

NOTE 16 - RISK MANAGEMENT:

Self-Insurance Trust

The Department 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 Department. Environmental insurance coverage provides for \$1,500,000 per occurrence, with a \$100,000 deductible that would be paid by the Department and the Trust Fund. Each participating municipality contributes an annual premium to the Trust based on frequency and severity of claims and share of the group's total kilowatt-hour sales. Payments for claims over the deductible limit are funded by trust assets or, if required, additional contributions from the participants.

Generally accepted accounting principles require that liabilities for self-insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2019 and 2018, the Light Department considers it's pro rata share of these losses to be immaterial to its financial statements.

NOTE 17 - OTHER POSTEMPLOYMENT BENEFIT TRUST FUND:

The Other Postemployment Benefits Liability Trust Fund was established by vote of the Board of Light Commissioners on September 12, 2011. 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 Governmental Accounting Standards Board, 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 Massachusetts Municipal Wholesale Electric Company. The balance in the trust as of December 31, 2019 and 2018 was \$1,386,599 and \$1,182,547, respectively.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFIT TRUST FUND:

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, provides a definition of fair value. That 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 Department 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.

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

GROTON ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFIT TRUST FUND (Continued):

	December 31, 2019 Quoted Prices in Active Markets for Identical Assets <u>(All Level 1)</u>	December 31, 2018 Quoted Prices in Active Markets for Identical Assets <u>(All Level 1)</u>
<u>FMV Investments:</u>		
Mutual Funds	\$ 1,351,809	\$ 1,117,598
<u>Other Securities:</u>		
Money Market	<u>34,790</u>	<u>64,949</u>
Total	<u>\$ 1,386,599</u>	<u>\$ 1,182,547</u>

As of December 31, 2019 and 2018, there were no investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represented 5% or more of total investments.

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

Plan Administration

The Town of Groton 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 December 31, 2019, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits payments	8
Active plan members	<u>12</u>
Total Number of Participants	<u><u>20</u></u>

Benefits provided

The Town provides health care and life insurance benefits for retirees and their dependents. Benefits are provided through the Town, and the full cost of benefits is shared between the Town and retirees.

Contributions

The Town annual 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 at the ending fair value of OPEB plan investments.

GROTON ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFIT TRUST FUND (Continued):

Net OPEB Liability of the Plan

The components of the net OPEB liability at December 31, 2019 and 2018, were as follows:

	2019	2018
Total OPEB Liability	\$ 1,470,289	\$ 1,322,530
Fiduciary Net Position	(1,386,599)	(1,182,547)
Net OPEB Liability	\$ 83,690	\$ 139,983

Fiduciary net position as a percentage of the total OPEB liability was 94.31% and 89.42% as of December 31, 2019 and 2018, respectively.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, 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, 2019.
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Investment rate of return	5.72%, net of investment expense, including inflation.
Annual Compensation Increase	3.0% annually
Municipal Bond Rate	3.26% as of December 31, 2019 (source: S&P Municipal Bond 20-Year High Grade Index)
Pre-Retirement Mortality	RP-2000 Employees Mortality Table projected generationally with Scale BB and a base year 2009 for males and females.
Post-Retirement Mortality	RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year 2009 for males and females.
Disabled Mortality	RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year 2012 for males and 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, 2019 are summarized in the table on the following page.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 17 - OTHER POSTEMPLOYMENT BENEFIT TRUST FUND (Continued):

Actuarial Assumptions (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity – Large Cap	23.25%	4.80%
Domestic Equity – Small/Mid Cap	19.25%	5.29%
International Equity – Developed Market	7.50%	5.45%
International Equity – Emerging Market	0.00%	6.42%
Domestic Fixed Income	45.00%	2.05%
International Fixed Income	0.00%	3.00%
Alternatives	0.00%	6.50%
Real Estate	0.00%	6.25%
Cash	5.00%	0.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability calculated using the discount rate of 5.75%, as well as what the net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (4.75%) or 1-percentage point higher (6.75%) than the current rate:

	1% Decrease <u>4.75%</u>	Current Discount Rate <u>5.75%</u>	1% Increase <u>6.75%</u>
Net OPEB Liability	\$ 342,132	\$ 83,690	\$ (121,189)

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

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

	1% Decrease <u>4%</u>	Current Healthcare Cost Trend Rates <u>5%</u>	1% Increase <u>6%</u>
Net OPEB Liability	\$ (269,630)	\$ 83,690	\$ 548,401

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (OPEB):

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

Plan Description

The Town of Groton 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.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

Plan Membership

At the measurement date of December 31, 2019, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	8	
Active plan members	12	
Total Number of Participants	20	

Contributions

The Department’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 Department are established and may be amended through Department ordinances. For the years ending on and for the measurement date of December 31, 2019 and 2018, total premiums plus implicit costs for the retiree medical program were \$37,091 and \$37,971, respectively. The Department also made contributions to an OPEB Trust of \$0 and \$52,000 for a total contribution during 2019 and 2018 of \$37,091, and \$89,971, respectively.

OPEB Liabilities

At December 31, 2019 and 2018 the Department reported a liability of \$83,690 and \$139,983, respectively, for its net OPEB liability. The 2019 and 2018 net OPEB liability was measured as of December 31, 2019 and 2018, respectively, and was determined by an actuarial valuation as of January 1, 2018.

OPEB Expense

For the year ended December 31, 2019 and 2018, the Department recognized OPEB expense of \$62,967 and \$69,844, respectively. At December 31, 2019 and 2018, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources listed in the chart below.

	2019	2018
<u>Deferred Outflows of Resources Related to OPEB</u>		
Net differences between projected and actual earnings on OPEB plan investments	\$ 64,182	\$ 85,576
Changes in assumptions	47,911	0
Total Deferred Outflows of Resources Related to OPEB	\$ 112,093	\$ 85,576
	2019	2018
<u>Deferred Inflows of Resources Related to OPEB</u>		
Net differences between projected and actual earnings on OPEB plan investments	\$ 109,128	\$ 0
Differences between expected and actual experience	1,952	2,394
Total Deferred Inflows of Resources Related to OPEB	\$ 111,080	\$ 2,394

GROTON ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

OPEB Expense (continued)

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

<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
Year Ended December 31:			Year Ended December 31:		
2020	\$	30,233	2020	\$	27,724
2021		30,233	2021		27,724
2022		30,233	2022		27,724
2023		8,839	2023		27,724
2024		8,839	2024		184
2025		<u>3,716</u>	2025		<u>0</u>
Total	\$	<u>112,093</u>		\$	<u>111,080</u>

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

NOTE 19 - PENSION PLAN:

Plan Description

The Department, through the Town of Groton, is a member of the Middlesex County 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 Middlesex County Retirement System at 25 Linnell Circle, Billerica, Massachusetts 01865.

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).

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 19 - PENSION PLAN (Continued):

Benefits Provided (continued)

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors; including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification. Employees who resign from state service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total contributions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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

Contributions

Active members are required to contribute at rates from 5-9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired after 1978 contribute an additional 2% of annual pay above \$30,000. The Department 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 Department 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 Department's required contributions to the System for the years ended December 31, 2019 and 2018 were \$433,554 and \$410,200, respectively.

Pension Liabilities

At December 31, 2019 and 2018, the Department reported a liability of \$4,850,736 and \$4,464,977, respectively, for its proportionate share of the net pension liability. The 2019 and 2018 net pension liability was measured as of December 31, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating member units. At December 31, 2018 and 2017, the Town's proportion was 1.49% and 1.51%, respectively. The Department's portion of the net pension liability was based on the percentage of the Department's contributions to the total Town's contributions as of the measured date of December 31, 2018 and 2017. At the measured date of December 31, 2018 and 2017, the Department's portion was 20.83% and 20.86%, respectively, of the Town's total payroll.

Pension Expense

For the years ended December 31, 2019 and 2018 the Department recognized a pension expense of \$737,088 and \$660,112, respectively. For the years ended December 31, 2019 and 2018, the Department reported deferred outflows of resources and deferred inflows of resources related to pension from the sources listed in the following chart and in the chart on the following page.

<u>Deferred Outflows of Resources Related to Pension</u>	<u>2019</u>	<u>2018</u>
Differences between expected and actual experience	\$ 9,924	\$ 15,057
Changes of assumptions	301,464	426,798
Net difference between projected and actual earnings on pension plan investments	216,215	0
Changes in proportion and differences between employer contributions and Department proportionate share	773,495	974,192
Department contributions subsequent to the measurement date	<u>205,493</u>	<u>216,777</u>
Total	<u>\$ 1,506,591</u>	<u>\$ 1,632,824</u>

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 19 - PENSION PLAN (Continued):

Pension Expense (continued)

<u>Deferred Inflows of Resources Related to Pension</u>	<u>2019</u>	<u>2018</u>
Differences between expected and actual experience	\$ 16,908	\$ 22,802
Net difference between projected and actual earnings on pension plan investments	0	121,277
Changes in proportion and differences between employer contributions and Department proportionate share	<u>231,318</u>	<u>301,321</u>
Total	<u>\$ 248,226</u>	<u>\$ 445,400</u>

Of the total amount reported as deferred outflows of resources related to pension, \$205,493 resulting from Department contributions paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the Department's pension expense as follows:

<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
Year Ended December 31:			Year Ended December 31:		
2020	\$	381,800	2020	\$	97,929
2021		381,799	2021		50,099
2022		381,800	2022		50,099
2023		<u>155,699</u>	2023		<u>50,099</u>
Total	\$	<u>1,301,098</u>			<u>\$ 248,226</u>

Actuarial Assumptions

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

Valuation Date	January 1, 2018
Actuarial Cost Method	Entry Age Normal Cost Method.
Amortization Method	Prior year's total contribution increased by 6.5% for fiscal 2018 through fiscal 2024, and thereafter the remaining unfunded liability will be amortized on a 4.0% annual increasing basis; ERI liability amortized in level payments.
Remaining Amortization Period	As of July 1, 2018, 1 year remaining for 2002 ERI liability, 2 years remaining for 2003 ERI liability, 4 years remaining for 2010 ERI liability and 17 years remaining unfunded liability.
Asset Valuation Method	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period. Asset value is adjusted as necessary to be within 20% of the market value.
Inflation Rate	3.25%
Projected Salary Increases	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2, and 4.50% for Group 4.
Cost of Living Adjustments	3.0% of first \$14,000 of retirement income.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 19 - PENSION PLAN (Continued):

Actuarial Assumptions (continued)

Rates of Retirement	Varies based upon age for general employees, police and fire employees.
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation
Mortality Rates:	
Pre-Retirement	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.
Healthy Retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017.
Disabled Retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year, projected generationally Scale MP-2017.

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major category asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pensions plan's target asset allocation as of the measured date of December 31, 2018 are summarized in the table below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	17.00%	7.62%
International Developed Markets Equity	14.90%	7.80%
International Emerging Markets Equity	6.00%	9.31%
Core Fixed Income	13.00%	4.00%
Value-added Fixed Income	8.10%	7.58%
Private Equity	12.10%	11.15%
Real Estate	9.40%	6.59%
Timberland	4.10%	7.00%
Hedge Fund PCS	14.20%	6.83%
Liquidating Portfolios	0.30%	0.00%
Overlay	0.90%	0.00%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Middlesex County Retirement System contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

GROTON ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018

NOTE 19 - PENSION PLAN (Continued):

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

The following presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Proportionate share of Net Pension Liability	\$ 5,884,159	\$ 4,850,736	\$ 3,979,407

Pension Plan Fiduciary Net Position

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

NOTE 20 - CONTINGENT LIABILITIES:

Legal and Environmental Matters

Groton Electric Light Department is subject to various legal proceedings covering a range of matters that arise in the ordinary course of their business activities. There were no provisions for loss on litigation and/or claims for the years ended December 31, 2019 and 2018. Management does not anticipate any future settlements that would have a material adverse effect on the Department’s financial position.

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

Berkshire Wind Cooperative Corporation

The Groton Electric Light Department (Department) 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.

GROTON ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2019 AND 2018

NOTE 20 - CONTINGENT LIABILITIES (Continued):

Berkshire Wind Cooperative Corporation (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 Department's pro rata share of the Phases in which it participates for the years ended December 31, 2019 and 2018, respectively are listed in the table below.

Phase	Percentage Share	Total Capital Expenditures 2019	Debt Service Billed 2019	Debt Service Billed 2018	Operations and Maintenance Billed 2019	Operations and Maintenance Billed 2018
Berkshire Phase 1	5.533%	\$ 3,029,502	\$ 271,653	\$ 286,313	\$ 81,496	\$ 135,706

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 below.

For years ended December 31,	Total Phase 1 Debt Service
2020	\$ 267,825
2021	267,742
2022	267,825
2023	267,770
2024	268,115
2025 to 2029	1,339,193
2030	<u>267,825</u>
TOTAL	<u>\$ 2,946,295</u>

Other Power Supply

The Department has entered into an All Requirements Bulk Power Sales Agreement (All Requirements Agreement) with MMWEC, under which MMWEC provides, delivers and sells all electric power and energy to the Department, whether through owned generation, purchased power contracts or other power supply arrangements.

Under the terms of the All Requirements Agreement, the Department is committed to purchase additional power through MMWEC in the amount of \$587,227 in 2020, and \$237,479 in 2021.

MMWEC Contingencies and Liabilities

The Town of Groton acting through its Light Department is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 20 - CONTINGENT LIABILITIES (Continued):

MMWEC Contingencies and Liabilities (continued)

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No 1 Project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

On July 19, 2019, MMWEC sold its 3.7% interest in the W.F. Wyman Unit No. 4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The Light Department has entered into PSAs with MMWEC. Under the PSAs the Department is required to make certain payments to MMWEC payable solely from Municipal Light Department revenues. Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs. Each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

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

As of July 1, 2019, MMWEC has no debt service obligations outstanding relating to the Projects. MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

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

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 20 - CONTINGENT LIABILITIES (Continued):

MMWEC Contingencies and Liabilities (continued)

<u>Projects</u>	<u>Percentage Share</u>	<u>Total Capital Expenditures 2019</u>	<u>Capacity, Fuel and Transmission Billed 2019</u>	<u>Capacity, Fuel and Transmission Billed 2018</u>
Stony Brook Peaking	1.0832 %	\$ 646,927	\$ 39,524	\$ 50,302
Stony Brook Inter.	0.8852%	1,584,789	114,828	176,876
Nuclear Mix 1-SBK	0.9725%	98,282	5,310	5,035
Nuclear Mix 1-MLS	0.9725%	588,780	57,024	65,913
Nuclear Project 3-MLS	0.3074%	455,084	36,230	42,004
Nuclear Project 4-SBK	0.7380%	2,208,914	107,884	105,358
Nuclear Project 5-SBK	0.3579%	290,192	13,423	13,144
Project No. 6-SBK	1.5221%	<u>8,472,698</u>	<u>350,301</u>	<u>368,293</u>
		<u>\$ 14,345,666</u>	<u>\$ 724,254</u>	<u>\$ 826,925</u>

NOTE 21 - CHANGE IN ACCOUNTING PRINCIPLE:

The FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASC 606 revises and consolidates prior guidance, eliminates industry-specific revenue recognition guidance and establishes a comprehensive principle-based approach for determining revenue recognition. The core principle of the guidance is that an entity must recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for providing those goods or services. Management adopted this update for the Department's calendar year beginning January 1, 2019, using a modified retrospective approach. Under this approach, the Department's financial statements are prepared under the revised guidance for the year of adoption, but not for prior years, and the Department recognizes a cumulative adjustment to the opening balance of retained earnings for contracts that still require performance by the Department at the date of adoption. The adoption of ASC 606 on January 1, 2019 did not result in a material impact that required recognition of a cumulative adjustment of the opening retained earnings balance for contracts that still required performance at December 31, 2018. As such the Department's contracts continue to be recognized over time considering the continuous transfer of control to its customers.

NOTE 22 – SUBSEQUENT EVENT:

Management has evaluated subsequent events through March 30, 2020 the date on which the financial statements were available to be issued. Changes in investment returns and fair values can have a significant effect on the OPEB Trust Fund. Since December 31, 2019, the U.S. and world markets have continued to experience significant declines. Management is monitoring investment market conditions and the impact such declines are having on the OPEB Trust Fund's investment portfolio. Due to the volatility of the financial markets as of the date of this report, there is uncertainty regarding the impact that continued volatility might have on the OPEB Trust's investment portfolio.

GROTON ELECTRIC LIGHT DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
NET PENSION LIABILITY

OPERATING FUND

For the Year Ending December 31,	2019	2018	2017	2016	2015
Actuarial Valuation Date	1/1/2018	1/1/2018	1/1/2016	1/1/2014	1/1/2014
Measurement Date	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014

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

Department's Portion of the NPL	0.3111%	0.3146%	0.2419%	0.2440%	0.2681%
Department's Proportionate Share of the NPL	\$ 4,850,736	\$ 4,464,977	\$ 3,427,821	\$ 3,147,283	\$ 3,220,558
Department's Total Employee Payroll	\$ 1,351,960	\$ 1,258,182	\$ 1,370,655	\$ 1,129,487	\$ 1,104,367
NPL as a Percentage of Total Employee Payroll	358.79%	354.88%	250.09%	278.65%	291.62%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	46.40%	49.27%	45.49%	46.13%	47.94%

Schedule of Contributions:

Actuarially Determined Contributions	\$ 433,554	\$ 410,200	\$ 281,155	\$ 265,683	\$ 251,738
Contributions in Relation to the Actuarially Determined Contribution	433,554	410,200	281,155	265,683	251,738
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Department's Total Employee Payroll	\$ 1,351,960	\$ 1,258,182	\$ 1,370,655	\$ 1,129,487	\$ 1,104,367
Contributions as a Percentage of the Department's Total Employee Payroll	32.07%	32.60%	20.51%	23.52%	22.79%

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.

GROTON ELECTRIC LIGHT DEPARTMENT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY

OPERATING FUND & OPEB TRUST FUND

	2019	2018	2017
Total OPEB Liability:			
Service Cost	\$ 47,023	\$ 42,255	\$ 43,054
Interest	81,077	76,041	64,746
Differences between Expected and Actual Experience	0	(2,836)	115,369
Changes of Assumptions	56,750	0	0
Benefit Payments	(37,091)	(35,542)	(32,739)
Net Change in Total OPEB Liability	147,759	79,918	190,430
Total OPEB Liability - Beginning	1,322,530	1,242,612	1,052,182
Total OPEB Liability - Ending	\$ 1,470,289	\$ 1,322,530	\$ 1,242,612
Plan Fiduciary Net Position:			
Contributions-Employer	\$ 37,091	\$ 89,971	\$ 238,739
Net Investment Income	204,052	(37,566)	118,827
Benefit Payments	(37,091)	(35,542)	(32,739)
Net Change in Plan Fiduciary Net Position	204,052	16,863	324,827
Plan Fiduciary Net Position - Beginning	1,182,547	1,165,684	840,857
Plan Fiduciary Net Position - Ending	\$ 1,386,599	\$ 1,182,547	\$ 1,165,684
Net OPEB Liability - Ending	\$ 83,690	\$ 139,983	\$ 76,928

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.

GROTON ELECTRIC LIGHT DEPARTMENT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF NET OPEB LIABILITY, EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS

OPERATING FUND & OPEB TRUST FUND

	2019	2018	2017
Schedules of Net OPEB Liability:			
Total OPEB Liability	\$ 1,470,289	\$ 1,322,530	\$ 1,242,612
Plan Fiduciary Net Position	1,386,599	1,182,547	1,165,684
Net OPEB Liability	\$ 83,690	\$ 139,983	\$ 76,928
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	94.31%	89.42%	93.81%
Covered Payroll	\$ 1,186,461	\$ 1,151,904	\$ 1,118,353
Net OPEB Liability as a Percentage of Covered Payroll	7.05%	12.15%	6.88%
Schedules of Employer Contributions:			
Actuarially Determined Contributions	\$ 52,619	\$ 51,849	\$ 57,538
Contributions in relation to the actuarially determined contribution	(37,091)	(89,971)	(238,739)
Contribution Deficiency (Excess)	\$ 15,528	\$ (38,122)	\$ (181,201)
Covered Payroll	\$ 1,186,461	\$ 1,151,904	\$ 1,118,353
Contributions as a percentage of covered payroll	3.13%	7.81%	21.35%
Schedules of Investment Returns:			
Annual Money-Weighted rate of Return, net of investment expenses	17.26%	-3.10%	12.88%

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.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019 AND 2018

OPERATING FUND AND OPEB TRUST FUND

NOTE A – OTHER POSTEMPLOYMENT BENEFITS

Changes in Assumptions

Due to GASB 75 standards, the discount rate was changed from 6.00% to 5.75% for December 31, 2018 and 2019, respectively.

GROTON ELECTRIC LIGHT DEPARTMENT
SCHEDULE OF UTILITY PLANT IN SERVICE
FOR THE YEAR ENDED DECEMBER 31, 2019

OPERATING FUND

	GROSS PLANT			ACCUMULATED DEPRECIATION			NET BOOK VALUE
	BALANCE JAN. 1, 2019 COST	NET ADDITION (DISPOSITION)	BALANCE DEC. 31, 2019 COST	BALANCE JAN. 1, 2019	NET DEPRECIATION (DISPOSITION)	BALANCE DEC. 31, 2019	
ELECTRIC UTILITY PLANT							
DISTRIBUTION PLANT							
LAND AND LAND RIGHTS	\$ 852,002	\$ 0	\$ 852,002	\$ 0	\$ 0	\$ 0	\$ 852,002
STRUCTURES AND IMPROVEMENTS	502,012	0	502,012	191,852	12,550	204,402	297,610
STATION EQUIPMENT	1,784,667	18,480	1,803,147	960,827	44,617	1,005,444	797,703
POLES, TOWERS AND FIXTURES	2,316,886	25,784	2,342,670	1,759,250	18,383	1,777,633	565,037
OVERHEAD CONDUCTORS AND DEVICES	3,565,105	205,983	3,771,088	1,373,369	89,129	1,462,498	2,308,590
UNDERGROUND CONDUIT	383,652	4,943	388,595	177,043	9,591	186,634	201,961
UNDERGROUND CONDUCTORS AND DEVICES	717,597	12,952	730,549	242,695	17,940	260,635	469,914
LINE TRANSFORMERS	1,302,493	30,520	1,333,013	554,380	4,034	558,414	774,599
SERVICES	242,599	0	242,599	240,917	1,682	242,599	0
METERS	870,380	50,380	920,760	32,397	(23,448)	8,949	911,811
INSTALLATION ON CUSTOMERS' PREMISES	35,217	0	35,217	7,324	880	8,204	27,013
STREET LIGHTING AND SIGNAL SYSTEMS	262,360	13,187	275,547	182,160	6,559	188,719	86,828
LEASED PROPERTY ON CUSTOMERS' PREMISES	17,393	0	17,393	17,393	0	17,393	0
TOTAL DISTRIBUTION PLANT	<u>12,852,363</u>	<u>362,229</u>	<u>13,214,592</u>	<u>5,739,607</u>	<u>181,917</u>	<u>5,921,524</u>	<u>7,293,068</u>
GENERAL PLANT							
LAND AND LAND RIGHTS	366,000	0	366,000	0	0	0	366,000
STRUCTURES AND IMPROVEMENTS	4,700,054	0	4,700,054	334,624	117,501	452,125	4,247,929
OFFICE FURNITURE AND EQUIPMENT	138,547	0	138,547	10,198	3,464	13,662	124,885
TRANSPORTATION EQUIPMENT	1,547,230	0	1,547,230	178,604	38,681	217,285	1,329,945
STORES EQUIPMENT	20,799	0	20,799	9,842	520	10,362	10,437
TOOLS, SHOP AND GARAGE EQUIPMENT	81,293	0	81,293	61,724	2,032	63,756	17,537
LABORATORY EQUIPMENT	27,500	0	27,500	18,052	687	18,739	8,761
POWER OPERATED EQUIPMENT	214,463	0	214,463	129,870	5,362	135,232	79,231
COMMUNICATION EQUIPMENT	8,898	0	8,898	666	222	888	8,010
MISCELLANEOUS EQUIPMENT	153,313	0	153,313	46,976	3,833	50,809	102,504
TOTAL GENERAL PLANT	<u>7,258,097</u>	<u>0</u>	<u>7,258,097</u>	<u>790,556</u>	<u>172,302</u>	<u>962,858</u>	<u>6,295,239</u>
CONSTRUCTION WORK IN PROGRESS	<u>158,534</u>	<u>2,780</u>	<u>161,314</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>161,314</u>
TOTAL ELECTRIC UTILITY PLANT IN SERVICE	<u>\$ 20,268,994</u>	<u>\$ 365,009</u>	<u>\$ 20,634,003</u>	<u>\$ 6,530,163</u>	<u>\$ 354,219</u>	<u>\$ 6,884,382</u>	<u>\$ 13,749,621</u>

GROTON ELECTRIC LIGHT DEPARTMENT
SCHEDULES OF SALES OF ELECTRICITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

OPERATING FUND

	<u>2019</u>	<u>2018</u>	<u>INCREASE (DECREASE)</u>
SALES OF ELECTRICITY:			
Residential	\$ 5,734,273	\$ 5,859,999	\$ (125,726)
Commercial	1,980,707	1,960,735	19,972
Large Commercial	1,197,566	1,293,776	(96,210)
Municipal	591,900	599,214	(7,314)
Not for Profit Sales	116,230	104,219	12,011
Private Yard Lighting	31,438	29,692	1,746
Residential Farm	17,494	19,324	(1,830)
Commercial Farm	<u>67,148</u>	<u>67,179</u>	<u>(31)</u>
TOTAL SALES OF ELECTRICITY	<u><u>\$ 9,736,756</u></u>	<u><u>\$ 9,934,138</u></u>	<u><u>\$ (197,382)</u></u>

GROTON ELECTRIC LIGHT DEPARTMENT
SCHEDULES OF OPERATIONS AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

OPERATING FUND

	<u>2019</u>	<u>2018</u>	<u>INCREASE (DECREASE)</u>
OPERATIONS EXPENSES:			
POWER PRODUCTION EXPENSES	\$ 6,625,868	\$ 7,493,654	\$ (867,786)
DISTRIBUTION EXPENSES			
Miscellaneous Distribution Expenses	52,817	33,015	19,802
Line Expenses	35,500	16,643	18,857
CUSTOMER ACCOUNTS			
Customer Accounting and Collection Expense	183,204	179,603	3,601
Customer Service and Information Expense	40,323	22,413	17,910
Meter Reading Expense	88,170	84,305	3,865
Uncollectible Accounts	2,417	(393)	2,810
GENERAL AND ADMINISTRATIVE EXPENSES			
Administrative and General Salaries	284,790	281,006	3,784
Office Supplies and Expenses	57,044	80,575	(23,531)
Outside Services Employed	40,596	68,079	(27,483)
Property Insurance	64,507	62,073	2,434
Employees' Pension and Benefits	1,045,549	945,395	100,154
Dues, Meetings, and Other General Expenses	26,592	34,310	(7,718)
Transportation Expenses	74,997	66,208	8,789
TOTAL OPERATIONS EXPENSES	<u>\$ 8,622,374</u>	<u>\$ 9,366,886</u>	<u>\$ (744,512)</u>
MAINTENANCE EXPENSES			
Maintenance of Lines	\$ 768,262	\$ 757,702	\$ 10,560
Maintenance - Other	233,157	170,074	63,083
TOTAL MAINTENANCE EXPENSES	<u>\$ 1,001,419</u>	<u>\$ 927,776</u>	<u>\$ 73,643</u>



The GELD 2.3 Megawatt (MW) solar farm located on the closed landfill on Cow Pond Brook Road, produces 25% of GELD's power needs (at times) in the spring and fall and operated at a capacity of 17.49% in 2019.

The Groton Electric Light Department is a proud member of:

American Public Power Association (APPA)

Massachusetts Municipal Wholesale Electric Company (MMWEC)

Municipal Electric Association of Massachusetts (MEAM)

Northeast Public Power Association (NEPPA)

Home Energy Loss Prevention Service (HELPS)

Independent System Operator New England (ISO-NE)

Energy Council of the Northeast (ECNE) – *organization dissolved June 27, 2019*

MEET OUR EMPLOYEES

Employees

Office Staff:

Kevin Kelly, Manager

Barbara Cronin, Accountant/HR Liaison

Tammi Lemire, Business Manager

Sherrie DiGeronimo, Customer Accounts

Line Crew:

Gil Finch, Foreman

Rob Blood, Truck Foreman

Dan Johnson, Truck Foreman (retired October 2019)

Jon Patterson, Truck Foreman

Ryan Andrews, Lineman (retired September 2019)

Luke Condon, Meter Technician II

Bruce Dubey Jr., Lineman

David Blood, Lineman

Kevin Stone, Lineman

Our office hours are open to the public:

Monday 7:30 a.m. – 7 p.m.

Tuesday through Thursday 7:30 a.m. – 4 p.m.

Friday 8:00 a.m. – 1:00 p.m.

Our line crew work 7:00 a.m. – 3:30 a.m. Monday – Friday during daylight savings time and 7:30 a.m. – 4:00 p.m. Monday – Friday standard time.

Our customer service department is available to accept payments and to discuss issues ranging from energy conservation to tree trimming requests to billing complaints.

Our line crew is available at a moment's notice to provide timely and expert service to all customers of the Light Department no matter the time of day or the weather conditions. They are committed to restoring service as quickly and safely as possible.





Our sweet "old" building



Substation transformer change-out



New building cupola

GELD



Berkshire Wind turbine



GELD Bucket Truck



Bill Lawrence & Ralph Smith Circa 1960



"Edison" the GELD Squirrel