

2022

Another year for the books!



1909



2022

OUR MISSION:

To provide our customers reliable service and excellent customer service at affordable prices!



Groton Electric Light

2022 Annual Report

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. The regularly scheduled meetings are typically held on the first or second Monday of each month at 5:00 p.m., but always check our website for any changes to our 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

Commissioners

Eric S. Fisher
Kevin J. Lindemer
Rodney R. Hersh

Term Expires

2023
2024
2025



Eric S. Fisher – Chairman

Kevin J. Lindemer – Clerk

Rodney R. Hersh - Member

The Groton Electric Light Department is a proud member of:

American Public Power Association (APPA)

Energy Council of the Northeast (ECNE)

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)

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Dear Customer/Owner:

The Groton Electric Light Department turned one hundred thirteen years old in 2022 – *another ‘year’ for the books*. 2022 was *another year* getting back to a more normal work-life balance. GELD’s normal has always been – **to provide our customers reliable power and excellent service at affordable prices.**

Capital Improvements

Capital expenditures include infrastructure improvements, substation enhancements, line equipment and integrated software to support ongoing projects. We had *another year* focused on our infrastructure improvements – replacing old poles, upgrading old lines as well as aggressive tree trimming. We completed the installation of the new AMI (Advanced Metering Infrastructure) system through Eaton Corporation to replace our older and fully depreciated meter system. Meters and equipment began arriving in late 2021. The deployment began slowly and was completed in approximately 11 months with a major push by all line staff employees toward the end of summer and into fall.

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

Power Supply

The Berkshire Wind Power Project had its eleventh full year of operation producing power at 26.64% of its capacity. We also participate in a wind project in Hancock, ME and it produced power at 34.0% of its capacity in 2022-its sixth full year of operation. GELD’s 2.3 Megawatt (MW) solar farm on the closed landfill on Cow Pond Brook Road produces approximately 25% of GELD’s power needs (at times) in the spring and fall and operated at 17.73% for 2022. Wind, Solar, and other renewable energy sources help to diversify GELD’s power supply portfolio and help to reduce our reliance on fossil fuels.

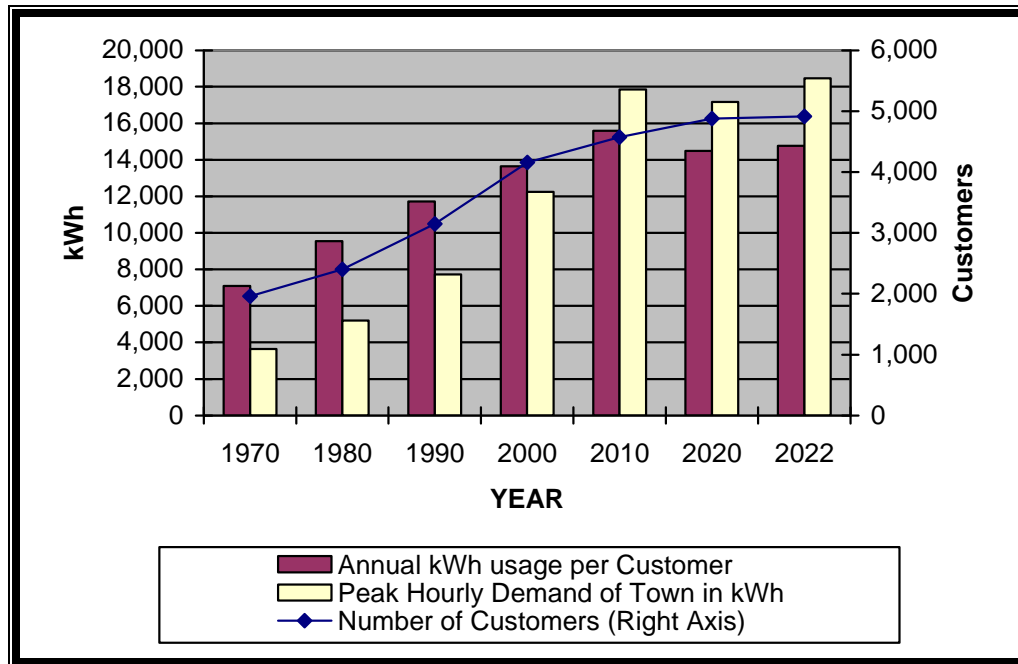
GELD’s complete power mix portfolio for 2022 consisted of 45.8% nuclear, 27.6% natural gas, 9.8% hydro-electric, 2.6% refuse, 5.9% wind, 0.2% coal, 1.5% oil, and 6.7% solar. GELD’s power mix was 68.2% carbon-free and 24.9% renewable for 2022.

Natural gas prices were volatile throughout 2022. High power costs followed the high natural gas prices closely. Higher than normal energy prices continue in New England because of natural gas transmission constraints. 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. Our purchased power is consistently between 60 and 70% carbon free.

Growth Trends

Our rates remain lower than half of all municipals in Massachusetts. The peak usage in 2022 of 18.47 megawatts (MW) was in the month of August and almost identical to our peak of 18.55 MW in 2021. Groton’s kilowatt-hour sales increased by 0.89% for the year. Our customer count increased by 55 new services, and we mailed out 4966 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 is trending lower due to energy efficiency measures combined with newer technologies that use less electricity to achieve better results.



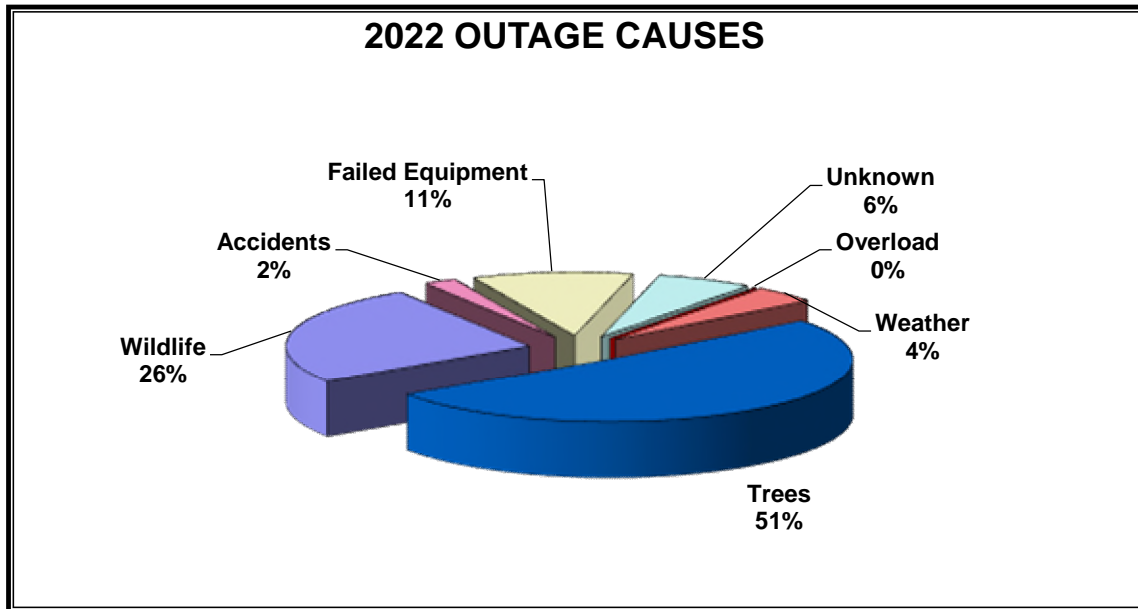
Service & Reliability

GELD trims trees for the safety and reliability of our electric distribution system. GELD’s tree contractor – Northern Tree – does a great 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 lines.

GELD crews remain diligent in maintaining the lines and poles. 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. Excellent service to our customers is always our **number one** priority.

Another high priority is to respond to outages promptly and to restore power in the safest and most reliable way possible. For several years now, the line staff have been aggressively replacing old poles and old service lines. Replacing old equipment and maintaining infrastructure contributes to fewer outages caused by trees and faulty equipment. Our line crew does a tremendous job maintaining GELD’s infrastructure.

In 2015, GELD set the standard for reliability, so future years will be benchmarked against 2015’s record. 2022 outages were not measured like all other years because of the transition to the new meter reading system and outage data not being fully available. So, we may *or may not have* met the standard that was set in 2015. But from the data we had, outage incidents decreased from 68 in 2021 to 47 in 2022, and the total hours of customer outages also decreased from 2,132 in 2021 to 1,454 in 2022.



In 2022, trees became the number one cause of outage incidents by a 50% margin, with wildlife (squirrels and birds) coming in second. This is one of the reasons why tree trimming is so important to the wellbeing of our electric distribution system.

Financial Highlights

For 2022, GELD had a net gain of \$613,825 compared to a net gain of \$83,833 in 2021. A Power Cost Adjustment (PCA) added to the January through March, as well as the July through December 2022 bills helped recoup the increased generation costs associated with higher energy and fuel costs throughout the year.

Electric revenues were up 18.7% and kWh sales were also up 0.89%. 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. GELD ended 2022 in the middle of the rates compared to the 42 Massachusetts utilities for the 12-month average 750 kWh electric user; the two investor-owned utilities that service the surrounding towns, National Grid and Unitil, have rates that are 86% & 102% higher than Groton Electric respectively.

*Another year and every year GELD's mission is **to provide our customers reliable power and excellent customer service at affordable prices.***

Thank you, Groton ratepayers, for *another year* of your continued support of Groton's locally owned and operated Light Department; and thank you GELD employees for *another year* of hard work and 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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Groton Electric Light Department which comprise the statements of net position as of December 31, 2022 and 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, 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, 2022 and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Groton Electric Light Department's ability to continue as a going concern for the years ended December 31, 2022 and 2021.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the 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, 2022 and 2021, 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 eight through 11 and 43 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information presented on pages 47 and 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts
April 4, 2023

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, 2022, and 2021. 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, 2022, and 2021. Net Position, which indicates the value of our plant (substation, distribution system, inventory, cash, etc.) less our liabilities increased by \$578,673 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 2022 was \$613,825 which is 4% of the value of our net plant, compared to a net income of \$83,833 in 2021.

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

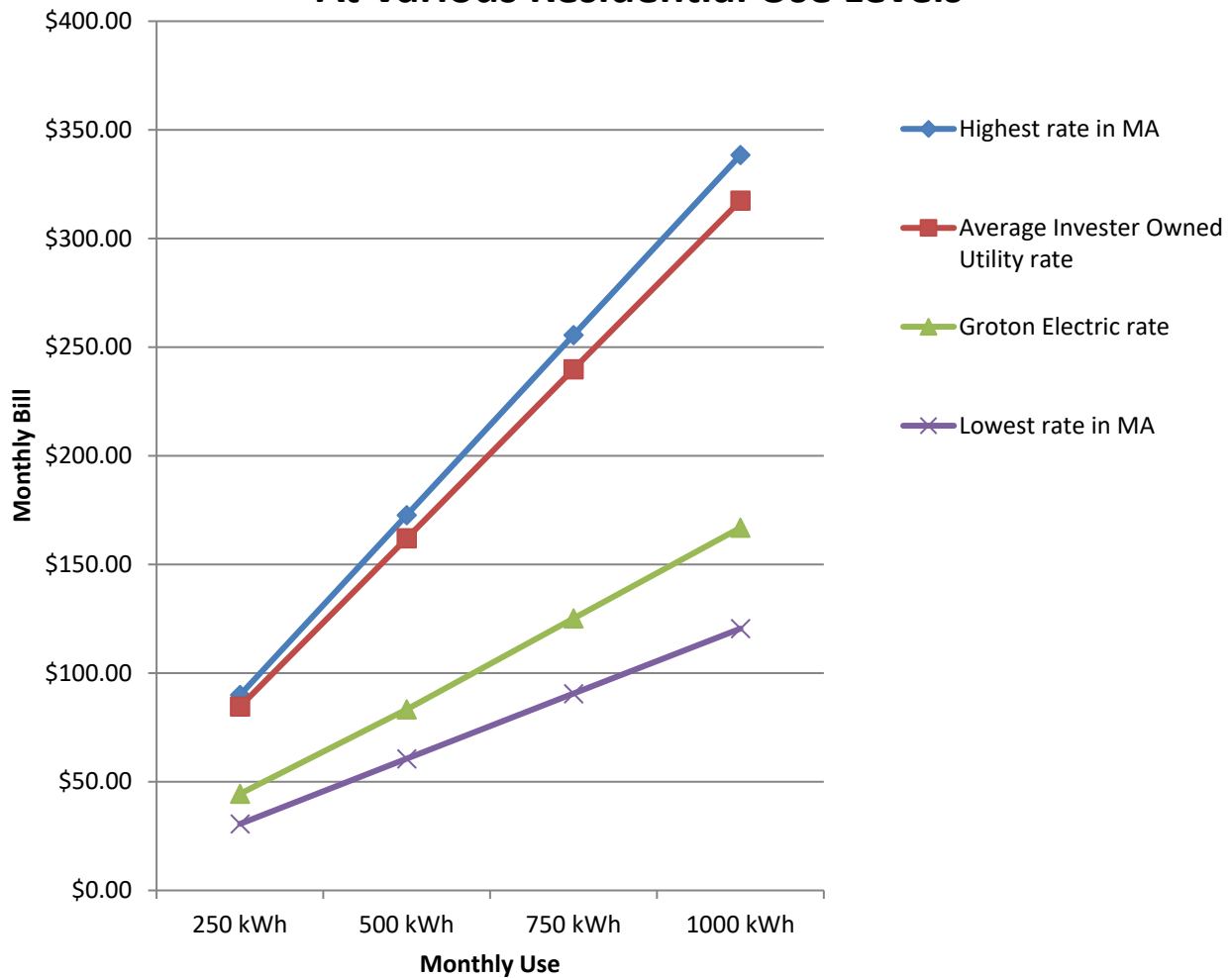
	2022	2021
Current Assets	\$ 4,095,288	\$ 3,267,830
Noncurrent Assets	16,349,645	16,647,394
Total Assets	20,444,933	19,915,224
 Deferred Outflows of Resources	 1,331,850	 1,128,234
Total Assets and Deferred Outflows of Resources	\$ 21,776,783	\$ 21,043,458
 Current Liabilities	 \$ 1,955,929	 \$ 1,789,749
Noncurrent Liabilities	6,553MDA,450	
6,896,679		
Total Liabilities	8,509,379	8,686,428
 Deferred Inflows of Resources	 3,581,143	 3,249,441
 Net Position:		
Net Investment in Capital Assets	13,232,370	13,073,159
Net Position Restricted for Depreciation	575	200,170
Unrestricted Net Position	(3,546,684)	(4,165,740)
Total Net Position	9,686,261	9,107,589
 Total Liabilities, Deferred Inflows of Resources and Net Position	 \$ 21,776,783	 \$ 21,043,458

Summary of Changes in Net Position

	2022	2021
Operating Revenue	\$ 13,055,571	\$ 11,156,769
Operating Expenses	<u>(12,279,740)</u>	<u>(10,994,838)</u>
Operating Income	775,831	161,931
Nonoperating Revenues (Expenses)	<u>(162,006)</u>	<u>(78,098)</u>
Income before Contributions and Transfers	613,825	83,833
Net Position, January 1	9,107,589	9,057,756
Transfers Out – Payment in Lieu of Taxes	<u>(35,153)</u>	<u>(34,000)</u>
Net Position, December 31	<u>\$ 9,686,261</u>	<u>\$ 9,107,589</u>

HOW OUR RATES COMPARE Average Rate Jan. – Dec. 2022

At Various Residential Use Levels



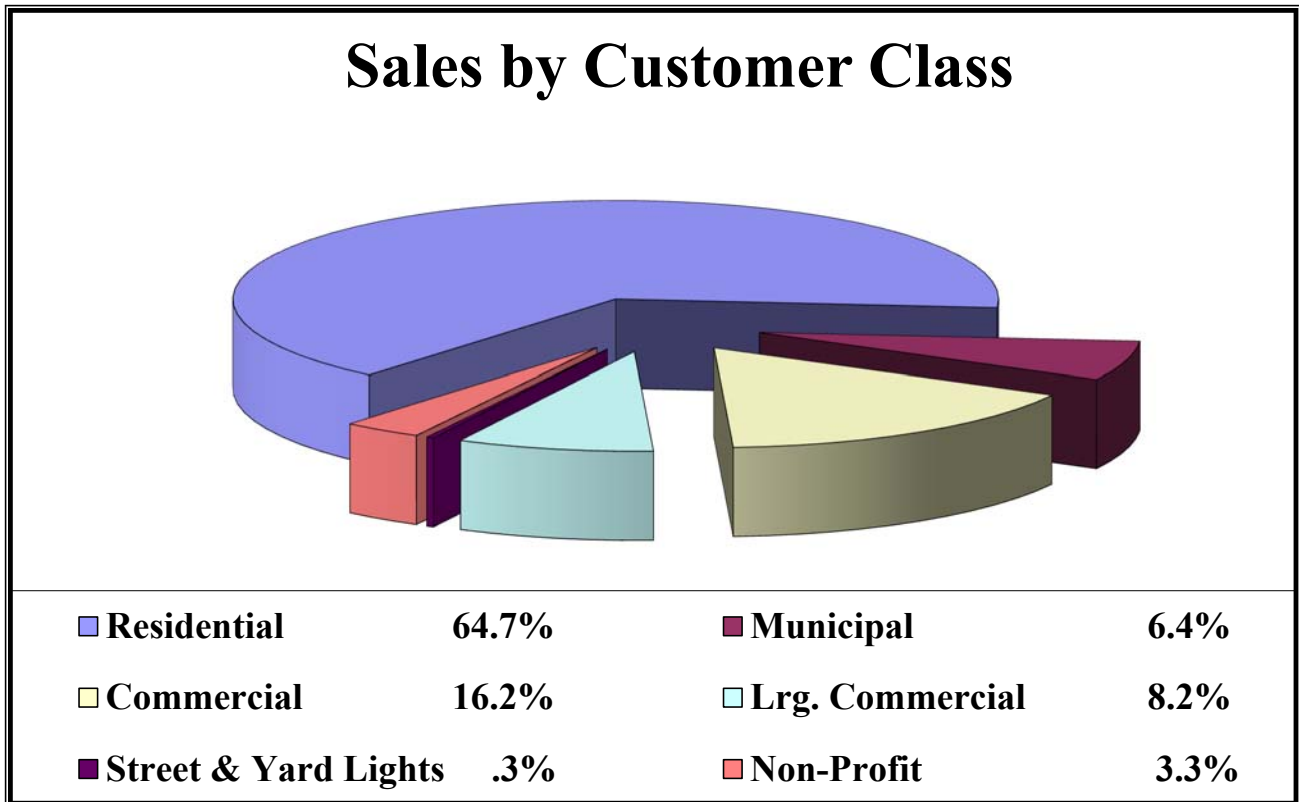
FINANCIAL HIGHLIGHTS

GELD began 2022 facing high energy prices in the winter months caused by inflation and natural gas supply constraints. However, a Power Purchase Cost Adjustment (PCA) which was added to our bills from January through March, helped offset those costs. As you have seen in your personal bills, inflation took a heavy toll on GELD, and we raised rates 15% effective the April 30, 2022, bill. As inflation continued, we added a PCA of 2 cents per kWh from July through the end of the year. With these increases, electric revenues were up 18.7% while kilowatt-hour sales were up 0.9% for the year. One of the reasons for the PCA added in July, was to build up cash in case we had a cold winter. This helped to generate a net income to \$613,825. Winter power costs are a huge cause for concern as little is being done to address them on a regional level.

Since GELD’s advanced metering infrastructure system (AMI) was at the end of its life, we replaced that system during 2022.

GELD’s diversified portfolio of clean energy includes our 2.3-megawatt Solar Farm, the Berkshire Wind Power Project in Massachusetts, a wind project in Hancock, Maine and hydropower from Niagara Falls, New York. 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 decreased slightly from 25.3% in 2021 to 24.9% in 2022 while the percentage of generation produced by carbon free sources increased from 66.3% to 68.2%.

As illustrated in the following graph, GELD receives most of its revenue from the residential rate class. Of the utilities that have residential rates lower than ours, most of them have large commercial bases. GELD is proud that we can maintain low rates even though we lack a large commercial and industrial base. Our large commercial customer class consists of only two large private schools. We ended 2022 with our rates in the middle of the pack of Massachusetts municipal light departments. The graph on page 5, “How our rates compare” shows data for all 42 Massachusetts municipal utilities plus all the investor-owned utilities in the state for a 750-kWh user for the calendar year of 2022. The two investor-owned utilities that service the surrounding towns, National Grid and Unitol, have rates higher than Groton Electric by 86.4% and 101.9% respectively.



FINANCIAL HIGHLIGHTS (Continued)

Our 2022 peak was 18.47 MW, virtually identical to our peak in 2021 of 18.55 MW. GELD peaked on August 8th. For the sixth year in a row there were no long duration heat waves. Our goal is to set our rates to produce a net income of 2% over the inflation rate compared to our net plant. Our strategy was to build up some cash in 2022. We try to plan based on reliable forecasts regarding future power costs and sales volume but none of the experts anticipated the world we find ourselves in.

Debt Administration:

As discussed in more detail following, our financial condition is strong. Our current and long-term debt is \$1,596,389 which is 7.8% 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 \$14,501,072 to \$14,995,188 during 2022.

Significant Balances and Transactions:

Our **insurance reserve fund** has a balance of \$139,607, 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 \$887,086 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 Post-Employment 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 \$1,470,193 on deposit to meet our postemployment benefits obligation of \$2,071,622. We are now 70.97% funded and show a net OPEB liability of \$601,429 as of December 31, 2022, compared to a net OPEB asset of \$199,656 as of December 31, 2021.

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 holds 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 2022 with \$1,041,899 in this fund.

Pension Plan:

A substantial change on GELD's books 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. GELD's annual contribution toward the pension expense for the years ended December 31, 2022, and 2021 was \$479,756 and \$435,407, respectively, and the long-term liability reported has been decreased from \$3,869,601 to \$5,123,191 over the last year.

GROTON ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2022</u>	<u>2021</u>	<u>INCREASE (DECREASE)</u>
CURRENT ASSETS:			
Funds on Deposit with Town Treasurer			
Maintenance	\$ 630,471	\$ 361,035	\$ 269,436
Accounts Receivable - Customers, Net	1,280,992	972,731	308,261
Accounts Receivable - Tax Liens	926	926	0
Accounts Receivable - Other	229,539	173,902	55,637
Materials and Supplies	826,738	674,215	152,523
Prepaid Expenses	81,635	41,957	39,678
Purchased Power Prepayments	3,088	51,165	(48,077)
Purchased Power Working Capital	<u>1,041,899</u>	<u>991,899</u>	<u>50,000</u>
 TOTAL CURRENT ASSETS	 <u>4,095,288</u>	 <u>3,267,830</u>	 <u>827,458</u>
 NONCURRENT ASSETS:			
Funds on Deposit with Town Treasurer			
Depreciation Fund	575	200,170	(199,595)
Insurance Reserve Fund	139,607	137,116	2,491
Customer Deposits	253,437	237,800	15,637
Funds on Deposit with MMWEC:			
Pooled Loan Reserve	65,496	0	65,496
Rate Stabilization Fund	887,086	1,363,323	(476,237)
Investments	8,256	8,256	0
Net OPEB Asset	0	199,656	(199,656)
Utility Plant Assets, Net	<u>14,995,188</u>	<u>14,501,073</u>	<u>494,115</u>
 TOTAL NONCURRENT ASSETS	 <u>16,349,645</u>	 <u>16,647,394</u>	 <u>(297,749)</u>
 TOTAL ASSETS	 <u>20,444,933</u>	 <u>19,915,224</u>	 <u>529,709</u>
 DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources Related to Pensions	575,658	937,017	(361,359)
Deferred Outflows of Resources Related to OPEB	<u>756,192</u>	<u>191,217</u>	<u>564,975</u>
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>1,331,850</u>	 <u>1,128,234</u>	 <u>203,616</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 21,776,783</u>	 <u>\$ 21,043,458</u>	 <u>\$ 733,325</u>

See Accompanying Notes to the Financial Statements

GROTON ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2022	2021	INCREASE (DECREASE)
CURRENT LIABILITIES:			
Accounts Payable	\$ 1,464,801	\$ 1,411,856	\$ 52,945
Bond Payable, Current	103,013	103,013	0
Pooled Financing Loan	128,912	0	128,912
Accrued Expenses	259,203	274,880	(15,677)
TOTAL CURRENT LIABILITIES	1,955,929	1,789,749	166,180
NONCURRENT LIABILITIES:			
Customer Deposits	239,486	226,041	13,445
Pooled Financing Loan, Net of Current Portion	374,501	0	374,501
Customer Advances for Construction	106,938	85,430	21,508
Bond Payable, Net of Current Portion	1,221,888	1,324,901	(103,013)
Net Pension Liability	3,869,601	5,123,191	(1,253,590)
Net OPEB Liability	601,429	0	601,429
Accumulated Provision for Insurance	139,607	137,116	2,491
TOTAL NONCURRENT LIABILITIES	6,553,450	6,896,679	(343,229)
TOTAL LIABILITIES	8,509,379	8,686,428	(177,049)
DEFERRED INFLOWS OF RESOURCES:			
Contribution in Aid of Construction, Net	1,259,105	1,182,915	76,190
Reserve for Rate Stabilization	887,086	1,363,323	(476,237)
Deferred Inflows of Resources Related to Pensions	1,175,916	329,226	846,690
Deferred Inflows of Resources Related to OPEB	259,036	373,977	(114,941)
TOTAL DEFERRED INFLOWS OF RESOURCES	3,581,143	3,249,441	331,702
NET POSITION:			
Net Investment in Capital Assets	13,232,370	13,073,159	159,211
Net Position Restricted for Depreciation	575	200,170	(199,595)
Unrestricted Net Position	(3,546,684)	(4,165,740)	619,056
TOTAL NET POSITION	9,686,261	9,107,589	578,672
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 21,776,783	\$ 21,043,458	\$ 733,325

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, 2022 AND 2021

OPERATING FUND

	<u>2022</u>	<u>2021</u>	<u>INCREASE (DECREASE)</u>
OPERATING REVENUES:			
Sales of Electricity	\$ 12,640,078	\$ 10,645,095	\$ 1,994,983
Other Operating Revenues	<u>415,493</u>	<u>511,674</u>	<u>(96,181)</u>
 TOTAL OPERATING REVENUES	 <u>13,055,571</u>	 <u>11,156,769</u>	 <u>1,898,802</u>
 OPERATING EXPENSES:			
Operations	10,484,503	9,432,476	1,052,027
Maintenance	1,227,587	997,453	230,134
Depreciation, Net of Amortization	<u>567,650</u>	<u>564,909</u>	<u>2,741</u>
 TOTAL OPERATING EXPENSES	 <u>12,279,740</u>	 <u>10,994,838</u>	 <u>1,284,902</u>
 OPERATING INCOME	 <u>775,831</u>	 <u>161,931</u>	 <u>613,900</u>
 NONOPERATING REVENUES (EXPENSES):			
Net Investment Loss	(69,843)	(2,738)	(67,105)
Interest Expense	(76,663)	(75,360)	(1,303)
Bond Issuance Cost	<u>(15,500)</u>	<u>0</u>	<u>(15,500)</u>
 TOTAL NONOPERATING REVENUES (EXPENSES)	 <u>(162,006)</u>	 <u>(78,098)</u>	 <u>(83,908)</u>
 Income Before Contributions and Transfers	 613,825	 83,833	 529,992
 NET POSITION - JANUARY 1	 9,107,589	 9,057,756	 49,833
 Transfers Out - Payment in Lieu of Taxes	 <u>(35,153)</u>	 <u>(34,000)</u>	 <u>(1,153)</u>
 NET POSITION - DECEMBER 31	 <u>\$ 9,686,261</u>	 <u>\$ 9,107,589</u>	 <u>\$ 578,672</u>

GROTON ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

OPERATING FUND

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 12,050,970	\$ 10,924,905
Cash Paid to Suppliers	(9,308,278)	(7,450,302)
Cash Paid to Employees	(1,595,450)	(1,396,473)
Cash Paid for Benefits	(873,913)	(1,124,886)
Rents from Electric Property	165,224	277,857
Payment in Lieu of Taxes	(35,153)	(34,000)
Net Cash Provided by Operating Activities	403,400	1,197,101
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to Plant Assets	(1,102,466)	(870,302)
Net Transfers (to) from Depreciation Fund	200,000	(100,000)
Net Transfers from Rate Stabilization	400,000	0
Transfers to Pooled Financing Reserve Fund	(8,218)	0
Proceeds from Pooled Financing Loan	500,000	0
Principal Repayment on Long Term Debt	(169,365)	(95,000)
Customer Advances for Construction	138,399	9,472
Interest Paid	(77,162)	(75,835)
Net Cash Used in Capital and Related Financing Activities	(118,812)	(1,131,665)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Income	485	3,282
NET INCREASE IN CASH AND CASH EQUIVALENTS	285,073	68,718
CASH AND CASH EQUIVALENTS - BEGINNING	598,835	530,117
CASH AND CASH EQUIVALENTS - ENDING	\$ 883,908	\$ 598,835

See Accompanying Notes to the Financial Statements

GROTON ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

OPERATING FUND

	2022	2021
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 775,831	\$ 161,931
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation, Net of Amortization	567,650	564,909
Allowance for Doubtful Accounts	(678)	(265)
Insurance Reserve	2,491	157
Rate Stabilization	(476,237)	(9,349)
Appropriation in Lieu of Taxes	(35,153)	(34,000)
Pension Expense	449,791	841,310
OPEB Expense (Income)	142,641	(10,139)
(Increase) Decrease in Assets:		
Accounts Receivable - Customers, Net	(307,583)	60,354
Accounts Receivable - Tax Liens	0	2,146
Accounts Receivable - Other	(55,637)	(10,673)
Deferred Outflows of Resources Related to Pensions	(495,332)	(457,581)
Materials and Supplies	(152,523)	(129,617)
Prepaid Expenses	(39,678)	(6,891)
Purchased Power Prepayments	48,077	193
Purchase Power Working Capital	(50,000)	0
Net OPEB Asset	0	(34,817)
Increase (Decrease) in Liabilities:		
Accounts Payable	52,945	255,810
Customer Deposits	13,445	3,919
Accrued Expenses	(15,178)	(296)
Net OPEB Liability	(21,472)	0
Net Cash Provided by Operating Activities	\$ 403,400	\$ 1,197,101

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

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

	2022	2021
Maintenance Fund	\$ 630,471	\$ 361,035
Customer Deposits	253,437	237,800
	\$ 883,908	\$ 598,835

Cash paid for interest in 2022 and 2021 was \$77,162 and \$75,835, respectively.

GROTON ELECTRIC LIGHT DEPARTMENT
 STATEMENTS OF FIDUCIARY NET POSITION
 DECEMBER 31, 2022 AND 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND

ASSETS

	2022	2021
NON CURRENT ASSETS:		
Funds on Deposit with MMWEC		
Cash and Investments	\$ 1,470,193	\$ 1,747,917

NET POSITION

FIDUCIARY NET POSITION - Restricted	\$ 1,470,193	\$ 1,747,917
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 GROTON ELECTRIC LIGHT DEPARTMENT
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 DECEMBER 31, 2022 AND 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) TRUST FUND

	2022	2021
Net Investment Income (Losses)	\$ (245,515)	\$ 203,790
Distributions from the Trust	(32,209)	(13,718)
CHANGE IN FIDUCIARY NET POSITION	(277,724)	190,072
FIDUCIARY NET POSITION - January 1	1,747,917	1,557,845
FIDUCIARY NET POSITION - December 31	\$ 1,470,193	\$ 1,747,917

See Accompanying Notes to the Financial Statements

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 3% for 2022 and 2021.

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

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. In addition, the Department has the right to terminate service to customers during the months of April through October if the customer is not making payments. Once a customer's bill has become 45 days outstanding, termination notices are sent out requiring the customer to make payment arrangements by the end of the following month. If there is no response from the customer the Department will post pink door hanger notices on the property. The Department will attempt to contact each customer, if no payment arrangements are made the service is terminated. 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.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

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.

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.

Revenues

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

The performance obligation for electricity sales is to provide electricity to the customer on demand. The electricity supplied represents a single performance obligation as it is a series of distinct goods and services that are substantially the same. The performance obligation is satisfied immediately as the customer simultaneously receives and consumes the electricity as the Department provides this service. The Department records revenues related to the electricity sales based upon the effective rates and the volume delivered to the customers, which corresponds with the amount the 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.

Compensated Absences

In accordance with Department policies, employees are allowed to accumulate sick days with no maximum. Upon termination and after 10 years of service of employment with the Department, 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 average cost method.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

Reclassification

Certain prior year amounts have been reclassified to conform to 2022 financial statement presentation with no effect on previously stated net income.

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.

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.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

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, 2022 and 2021 was \$1,041,899 and \$991,899, respectively. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2022 and 2021 was \$39,166,558 and \$20,313,510, respectively, of which Groton Electric Light Department's ownership was approximately 2.7% and 4.9%, respectively.

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, 2022 and 2021 the balance was \$887,086 and \$1,363,323, respectively. The balance in the fund is offset by a deferred inflow of resources for the accumulated provision for rate refund.

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

Level 1

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

Level 2

Inputs to the valuation methodology include:

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

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

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 – FUNDS HELD AT MMWEC (Continued):

Rate Stabilization Fund (continued)

Level 3

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

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

The following is a description of the valuation methodologies used for assets measured at fair value.

- Level 1 - U.S. Government Securities:
Valued at closing price as reported on the active market on which the individual securities are traded.
- Level 2- Municipal Bonds and U.S. Government Securities:
Investments in debt securities are valued using interest rate curves and credit spreads applied to the terms of the debt instrument along with counterparty credit rating.

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 below sets forth, by level within the fair value hierarchy, the Department's rate stabilization investments at fair value at December 31, 2022 and 2021. As of December 31, 2022 and 2021, the Department did not have any investments that were measured using Level 3 inputs.

<u>Description</u>	<u>December 31, 2022</u>		<u>Total</u>
	<u>Level 1 Fair Value</u>	<u>Level 2 Fair Value</u>	
<u>FMV Investments:</u>			
<u>Municipal Bonds</u>			
AAA	\$ 0	\$ 24,839	\$ 24,839
AA	0	82,484	82,484
AA-	0	52,235	52,235
A+	0	12,202	12,202
US Government Securities	<u>70,330</u>	<u>502,385</u>	<u>572,715</u>
Total FMV Investments	70,330	674,145	744,475
<u>Other Securities</u>			
Certificates of Deposit	57,615	0	57,615
Money Market	<u>84,996</u>	<u>0</u>	<u>84,996</u>
Total Other Securities	142,611	0	142,611
Total	<u>\$ 212,941</u>	<u>\$ 674,145</u>	<u>\$ 887,086</u>

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 – FUNDS HELD AT MMWEC (Continued):

Rate Stabilization Fund (continued)

December 31, 2021			
Description	Level 1 Fair Value	Level 2 Fair Value	Total
<u>FMV Investments:</u>			
<u>Municipal Bonds</u>			
AAA	\$ 0	\$ 28,651	\$ 28,651
AA	0	134,317	134,317
AA-	0	98,433	98,433
A+	0	14,717	14,717
US Government Securities	418,937	430,366	849,303
Total FMV Investments	418,937	706,484	1,125,421
 <u>Other Securities</u>			
Certificates of Deposit	113,197	0	113,197
Money Market	124,705	0	124,705
Total Other Securities	237,902	0	237,902
Total	\$ 656,839	\$ 706,484	\$ 1,363,323

	Ratings as of Year End	2022 Fair Value	2022 Under 1 Year	2022 1-5 Years	2021 Fair Value
<u>Term Securities</u>					
Certificate of Deposit	Exempt	\$ 57,615	\$ 0	\$ 57,615	\$ 113,197

As of December 31, 2022, investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represented 5% or more of total investments are listed below.

Investment Issuer	Amount	% of total Investments
JP MORGAN CHASE BANK	\$ 57,615	6.49%

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, 2022 and 2021 was \$50,793. These funds are commingled and deposited in investment pools. The total amount of these investment pools as of December 31, 2022 and 2021 was \$4,322,421 and \$4,185,076, respectively, of which Groton Municipal Light Department's ownership was approximately 1.2% in each year.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 - CUSTOMER DEPOSITS:

At December 31, 2022 and 2021, the customer deposit account on deposit with the Town Treasurer was \$253,437 and \$237,800, respectively.

NOTE 6 - INVESTMENT:

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

NOTE 7 - UTILITY PLANT ASSETS:

	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 1,218,002	\$ 0	\$ 0	\$ 1,218,002
Construction in Progress	<u>541,365</u>	<u>601,864</u>	<u>(880,677)</u>	<u>262,552</u>
Total Capital Assets Not Being Depreciated	<u>1,759,367</u>	<u>601,864</u>	<u>(880,677)</u>	<u>1,480,554</u>
Capital Assets Being Depreciated:				
Production Plant	183,620	0	0	183,620
Distribution Plant	13,017,169	1,176,784	(920,306)	13,273,647
General Plant	<u>7,077,578</u>	<u>204,495</u>	<u>(110,000)</u>	<u>7,172,073</u>
Total Capital Assets Being Depreciated	<u>20,278,367</u>	<u>1,381,279</u>	<u>(1,030,306)</u>	<u>20,629,340</u>
Less Accumulated Depreciation for:				
Production Plant	(5,509)	(5,509)	0	(11,018)
Distribution Plant	(6,418,031)	(390,515)	920,306	(5,888,240)
General Plant	<u>(1,113,121)</u>	<u>(212,327)</u>	<u>110,000</u>	<u>(1,215,448)</u>
Total Accumulated Depreciation	<u>(7,536,661)</u>	<u>(608,351)</u>	<u>1,030,306</u>	<u>(7,114,706)</u>
Capital Assets Being Depreciated, Net	<u>12,741,706</u>	<u>772,928</u>	<u>0</u>	<u>13,514,634</u>
Utility Plant Assets, Net	<u>\$ 14,501,073</u>	<u>\$ 1,374,792</u>	<u>\$ (880,677)</u>	<u>\$ 14,995,188</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$608,351 and \$602,116, respectively. Depreciation expense reported on the Statements of Revenues, Expenses and Changes in Net Position, is net of amortization of \$40,701 and \$37,207 related to contribution in aid of construction for the years ended December 31, 2022 and 2021, respectively.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS:

	2022	2021
Cost of Capital Assets Acquired	\$ 22,109,892	\$ 22,037,732
Less: Accumulated Depreciation	(7,114,704)	(7,536,659)
Less: Outstanding Debt Related to Capital Assets	(1,762,818)	(1,427,914)
Net Investment in Capital Assets	\$ 13,232,370	\$ 13,073,159

NOTE 9 - RELATED PARTY TRANSACTIONS:

In the ordinary course of business, the Light Department sells electricity to various town departments. During the years ended December 31, 2022 and 2021, sales to these departments totaled \$866,028 and \$739,421, respectively. As of December 31, 2022 and 2021, accounts receivable from these departments was \$84,162 and \$71,930, 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, 2022 and 2021, the total amount paid for these services was \$889,992 and \$854,167, respectively. As of December 31, 2022 and 2021, amounts payable to the town were \$7,935 and \$9,927, respectively.

NOTE 10 - ACCOUNTS RECEIVABLE - CUSTOMERS:

Accounts Receivable - Customers consists of the following:

	2022	2021
Accounts Receivable – Customers	\$ 1,283,362	\$ 975,780
Allowance for Doubtful Accounts	(2,371)	(3,049)
Net	\$ 1,280,991	\$ 972,731

NOTE 11 - OTHER ACCOUNTS RECEIVABLE:

Other accounts receivable consist of the following:

	2022	2021
Merchandising and Jobbing	\$ 164,567	\$ 121,562
Purchased Power Receivable	64,972	52,340
Total Other Accounts Receivable	\$ 229,539	\$ 173,902

GROTON ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2022 AND 2021

NOTE 12 - 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.

NOTE 13 - 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,			
2023	\$ 100,000	\$ 40,000	\$ 140,000
2024	105,000	37,000	142,000
2025	105,000	33,850	138,850
2026	110,000	30,700	140,700
2027	115,000	27,400	142,400
2028-2032	620,000	82,701	702,801
2033	<u>135,000</u>	<u>4,388</u>	<u>139,388</u>
	1,290,000	<u>\$ 256,139</u>	<u>\$ 1,546,139</u>
Plus: Unamortized Net Premiums	34,901		
Less: Current Maturities of Long Term Debt	<u>(103,013)</u>		
	<u>\$ 1,221,888</u>		

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 14 - 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, 2022 and 2021, the Light Department considers its pro rata share of these losses to be immaterial to its financial statements.

NOTE 15 - 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, 2022 and 2021 was \$1,470,193 and \$1,747,917, respectively.

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.

GROTON ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2022 AND 2021

NOTE 15 - OTHER POSTEMPLOYMENT BENEFIT TRUST FUND (Continued):

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

Level 3

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

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

- **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 following sets forth, by level within the fair value hierarchy, the Department's investments at fair value at December 31, 2022 and 2021. As of December 31, 2022 and 2021, the Department did not have any investments that were measured using Level 2 or Level 3 inputs.

	December 31, 2022 Quoted Prices in Active Markets for Identical Assets (All Level 1)	December 31, 2021 Quoted Prices in Active Markets for Identical Assets (All Level 1)
<u>FMV Investments:</u>		
Mutual Funds	\$ 1,457,129	\$ 1,743,262
<u>Other Securities:</u>		
Money Market	13,064	4,655
Total	<u>\$ 1,470,193</u>	<u>\$ 1,747,917</u>

As of December 31, 2022 and 2021, 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.

GROTON ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2022 AND 2021

NOTE 15 - OTHER POSTEMPLOYMENT BENEFIT TRUST FUND (Continued):

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, 2022, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits payments	9
Active plan members	<u>12</u>
Total Number of Participants	<u><u>21</u></u>

Benefits provided

The Town provides health care and life insurance benefits for retirees and their dependents. Benefits are provided through 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.

Net OPEB Liability of the Plan

The components of the net OPEB liability at December 31, 2022 and 2021, were as follows:

	2022	2021
Total OPEB Liability	\$ 2,071,622	\$ 1,548,261
Fiduciary Net Position	<u>(1,470,193)</u>	<u>(1,747,917)</u>
Net OPEB (Asset) Liability	<u><u>\$ 601,429</u></u>	<u><u>\$ (199,656)</u></u>

Fiduciary net position as a percentage of the total OPEB liability was 70.97% and 112.90% as of December 31, 2022 and 2021, respectively.

GROTON ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2022 AND 2021

NOTE 15 - OTHER POSTEMPLOYMENT BENEFIT TRUST FUND (Continued):

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2022, 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, 2022.
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Investment rate of return	5.02%, net of investment expense, including inflation.
Annual Compensation Increase	3.0% annually
Municipal Bond Rate	4.31% as of December 31, 2022 (source: S&P Municipal Bond 20-Year High Grade Index)
Pre-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with Scale MP-2016 for males and females, set forward 1 year for females.
Post-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward 1 year for females.
Disabled Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward 1 year.

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, 2022 are summarized on the following page.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 15 - OTHER POSTEMPLOYMENT BENEFIT TRUST FUND (Continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity – Large Cap	39.25%	4.10%
Domestic Equity – Small/Mid Cap	8.50%	4.55%
International Equity – Developed Market	6.75%	4.64%
International Equity – Emerging Market	0.00%	5.45%
Domestic Fixed Income	34.75%	1.05%
International Fixed Income	9.75%	0.96%
Alternatives	0.00%	5.95%
Real Estate	0.00%	6.25%
Cash	1.00%	0.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.02% as of December 31, 2022 and 5.25% as of December 31, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Department’s funding policy. Based on these assumptions, the OPEB Plan’s fiduciary net position was projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to all projected future benefits payments.

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 5.02%, as well as what the net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (4.02%) or 1-percentage point higher (6.02%) than the current rate:

	1% Decrease 4.02%	Current Discount Rate 5.02%	1% Increase 6.02%
Net OPEB Liability	\$ 988,509	\$ 601,429	\$ 298,956

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

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

	1% Decrease 4%	Current Healthcare Cost Trend Rates 5%	1% Increase 6%
Net OPEB Liability	\$ 258,048	\$ 601,429	\$ 1,054,363

GROTON ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2022 AND 2021

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS (OPEB):

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

Plan Description

The Town of 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 the measurement date of December 31, 2022, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	9
Active plan members	<u>12</u>
Total Number of Participants	<u><u>21</u></u>

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, 2022 and 2021, total premiums plus implicit costs for the retiree medical program were \$53,680 and \$48,535, respectively.

OPEB Liabilities

At December 31, 2022 the Department reported a liability of \$601,429 and at December 31, 2021 the Department reported an asset of \$199,656, for its net OPEB liability. The 2022 and 2021 net OPEB liability was measured as of December 31, 2022 and 2021, respectively, and was determined by an actuarial valuation as of January 1, 2022 and 2020, respectively.

OPEB Expense

For the year ended December 31, 2022 and 2021, the Department recognized OPEB expense of \$142,641 and income of \$10,139, respectively. At December 31, 2022 and 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources listed in the chart below.

	2022	2021
<u>Deferred Outflows of Resources Related to OPEB</u>		
Net differences between projected and actual earnings on OPEB plan investments	\$ 268,980	\$ 21,394
Changes in assumptions	407,431	169,823
Changes between expected and actual experience	<u>79,781</u>	<u>0</u>
Total Deferred Outflows of Resources Related to OPEB	<u>\$ 756,192</u>	<u>\$ 191,217</u>

GROTON ELECTRIC LIGHT DEPARTMENT
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2022 AND 2021

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

Deferred Inflows of Resources Related to OPEB

Net differences between projected and actual earnings on OPEB plan investments	\$ 137,762	\$ 207,907
Changes in assumptions	46,080	63,021
Differences between expected and actual experience	75,194	103,049
 Total Deferred Inflows of Resources Related to OPEB	 \$ 259,036	 \$ 373,977

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:
2023 \$ 186,153	2023 \$ 114,941
2024 186,153	2024 87,402
2025 181,030	2025 56,693
2026 169,038	2026 0
2027 <u>33,818</u>	2027 <u>0</u>
 Total \$ <u>756,192</u>	 Total \$ <u>259,036</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 17 - 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.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 17 - PENSION PLAN (Continued):

Benefits Provided (continued)

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

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

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

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

Contributions

Active members are required to contribute at rates from 5-9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired after 1978 contribute an additional 2% of annual pay above \$30,000. The 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, 2022 and 2021 were \$479,756 and \$435,407, respectively.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 17 - PENSION PLAN (Continued):

Pension Liabilities

At December 31, 2022 and 2021, the Department reported a liability of \$3,869,601 and \$5,123,191, respectively, for its proportionate share of the net pension liability. The 2022 and 2021 net pension liability was measured as of December 31, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating member units. At the measured date of December 31, 2021 and 2020, the Town's proportion was 1.43% and 1.61%, 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, 2021 and 2020. At the measured date of December 31, 2021 and 2020, the Department's portion was 20.11% and 20.83%, respectively, of the total Town of Groton.

Pension Expense

For the years ended December 31, 2022 and 2021 the Department recognized a pension expense of \$518,303 and \$841,310, respectively. For the years ended December 31, 2022 and 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to pension from the sources listed in the chart on the following page.

<u>Deferred Outflows of Resources Related to Pension</u>	<u>2022</u>	<u>2021</u>
Differences between expected and actual experience	\$ 65,947	\$ 93,701
Changes of assumptions	137,783	195,571
Changes in proportion and differences between employer contributions and Department proportionate share	116,475	407,867
Department contributions subsequent to the measurement date	<u>255,453</u>	<u>239,878</u>
Total	<u>\$ 575,658</u>	<u>\$ 937,017</u>
<u>Deferred Inflows of Resources Related to Pension</u>	<u>2022</u>	<u>2021</u>
Differences between expected and actual experience	\$ 0	\$ 6,063
Net difference between projected and actual earnings on pension plan investments	657,941	290,426
Changes in proportion and differences between employer contributions and Department proportionate share	<u>517,975</u>	<u>32,737</u>
Total	<u>\$ 1,175,916</u>	<u>\$ 329,226</u>

Of the total amount reported as deferred outflows of resources related to pension, \$255,453 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, 2023. 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:

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 17 - PENSION PLAN (Continued):

Pension Expense (continued)

<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
Year Ended December 31:		Year Ended December 31:	
2023	\$ 80,116	2023	\$ 295,056
2024	80,116	2024	293,619
2025	79,987	2025	293,620
2026	<u>79,986</u>	2026	<u>293,621</u>
Total	<u>\$ 320,205</u>		<u>\$ 1,175,916</u>

Actuarial Assumptions

The total pension liability as of December 31, 2021 was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2022
Actuarial Cost Method	Entry Age Normal Cost Method.
Amortization Method	Prior year's total contribution increased by 6.5% for fiscal 2022 through fiscal 2028, 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	17 years from July 1, 2020 for non-ERI liability, 2 year from July 1, 2020 for 2010 ERI.
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.
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 \$16,000 of retirement income.
Rates of Retirement	Varies based upon age for general employees, police and fire employees.
Investment Rate of Return	7.15%, net of pension plan investment expense, including inflation
Mortality Rates:	
Pre-Retirement	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 17 - PENSION PLAN (Continued):

Actuarial Assumptions (continued)

Healthy Retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021.
Disabled Retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year, projected generationally Scale MP-2021.

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, 2021 are summarized in the table below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.00%	6.11%
International Developed Markets Equity	11.50%	6.49%
International Emerging Markets Equity	4.50%	8.12%
Core Fixed Income	15.00%	0.38%
High-yield Fixed Income	8.00%	2.48%
Real Estate	10.00%	3.72%
Timber	4.00%	3.44%
Hedge Fund, GTAA, Risk parity	10.00%	2.63%
Private Equity	15.00%	9.93%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.15% at December 31, 2021 and 7.30% at December 31, 2020. 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, 2022 AND 2021

NOTE 17 - 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 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.15%</u>	<u>7.15%</u>	<u>8.15%</u>
Proportionate share of Net Pension Liability	\$ 5,005,457	\$ 3,869,602	\$ 2,912,952

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 18 - POOLED FINANCING LOAN:

During February 2022, the Department entered into a Pooled Loan Program Agreement with the Massachusetts Municipal Wholesale Electric Company ("MMWEC") for the purpose of financing the AMI meter replacement project. Interest only was due monthly at a fixed interest rate of 2.75% per annum. Interest amounted to \$12,816 for the year ended December 31, 2022. The outstanding principal balance as of December 31, 2022 was \$503,413. As of December 31, 2022 this loan was a one year note. Effective February 2023 this loan was subsequently termed out.

Note Payable for AMI Meter Project, Pooled
 Loan with MMWEC payable in monthly
 Installments including a fixed rate of 2.75%
 Due March 2026.

\$ 503,413

Less: Current Maturities

(128,912)

Total

\$ 374,501

Maturities of Pooled Financing are as follows:

2023	\$	128,912
2024		161,674
2025		169,278
2026		<u>43,549</u>
Total	\$	<u>503,413</u>

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 18 - POOLED FINANCING LOAN (Continued):

At the inception of the loan, MMWEC was required to collect 10% of the initial borrowing amount to be deposited into a Reserve Requirement Account to serve as collateral for the bank. MMWEC is also required to collect 10% of the amount of interest due monthly from each Pooled Loan Participant to further fund the Pooled Financing Reserve Account. These funds will either be returned to the Department, or used as the final loan payments at the end of the amortization period. The balance in the Pooled Financing Reserve Account as of December 31, 2022 was \$65,496.

NOTE 19 - 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, 2022 and 2021. 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 administered 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.

Groton Landfill Solar LLC

In September 2016, the Department entered into a purchase power agreement with Groton Landfill Solar LLC (c/o Ameresco, Inc.), the Seller, for the purchase of solar photovoltaic electric energy. To secure the Seller's obligations under the agreement, a collateral deposit was made into an escrow account held by a third-party financial institution in the amount of \$406,000. All or a portion of the collateral may be released to the Department only in the event of default or termination under the terms of the agreement. A portion of the collateral will be released to the Seller each year over the 25 year term, assuming all obligations are met annually. As of December 31, 2022 and 2021 the remaining balance in the escrow account was \$370,313 and \$382,960, respectively.

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).

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 19 - CONTINGENT LIABILITIES (Continued):

Berkshire Wind Cooperative Corporation (continued)

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

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

MMWEC sells all of the capability of the Berkshire Wind Facility (Capability) to the Members of the Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Cooperative Member to pay its pro rata share of the costs related to the Berkshire Wind Facility, which costs include debt service on the bonds issued by the Cooperative to finance the Berkshire Wind Facility and its pro rata share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility. In addition, should a Cooperative Member fail to make any payment when due, other Cooperative Members may be required to increase (step-up) their payments and correspondingly their share of the Capability to an additional amount. Additionally, each Participant is unconditionally obligated to make all payments due to the Berkshire Wind Cooperative Corporation, whether or not the Berkshire Wind Facility is completed or operating, and notwithstanding the suspension or interruption of the output of the Berkshire Wind Facility.

The total capital expenditures, debt service and operation and maintenance (O&M) costs associated with the Department's pro rata share of the Phases in which it participates for the years ended December 31, 2022 and 2021, respectively are listed in the table below.

Phase	Percentage Share	Total Capital Expenditures 2022	Debt Service Billed 2022	Debt Service Billed 2021	Operations and Maintenance Billed 2022	Operations and Maintenance Billed 2021
Berkshire Phase 1	5.533%	\$ 3,060,887	\$ 267,797	\$ 267,783	\$ 118,499	\$ 95,541

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.

	2023	Total Phase 1 Debt Service
For years ended December 31,	2023	\$ 267,770
	2024	268,115
	2025	267,714
	2026	267,963
	2027	267,977
	2028-2030	<u>803,364</u>
	TOTAL	<u>\$ 2,142,903</u>

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 19 - CONTINGENT LIABILITIES (Continued):

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).

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.

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.

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

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above), and amount of required debt service payments (if applicable) under the PSAs associated with the Department's Project Capability of the Projects in which it participates for the years ended December 31, 2022 and 2021, respectively are listed in the table on the following page.

GROTON ELECTRIC LIGHT DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 19 - CONTINGENT LIABILITIES (Continued):

MMWEC Contingencies and Liabilities (continued)

<u>Projects</u>	<u>Percentage Share</u>	<u>Total Capital Expenditures 2022</u>	<u>Capacity, Fuel and Transmission Billed 2022</u>	<u>Capacity, Fuel and Transmission Billed 2021</u>
Stony Brook Peaking	1.0832%	\$ 671,100	\$ 58,050	\$ 43,229
Stony Brook Interm.	0.8852%	1,621,822	204,011	128,960
Nuclear Mix 1-SBK	0.9725%	100,814	4,663	4,171
Nuclear Mix 1-MLS	0.9725%	621,367	57,778	64,625
Nuclear Project 3-MLS	0.3074%	475,621	36,294	40,700
Nuclear Project 4-SBK	0.7380%	2,260,061	93,132	84,552
Nuclear Project 5-SBK	0.3579%	296,471	11,711	10,550
Project No. 6-SBK	1.5221%	<u>8,618,798</u>	<u>266,998</u>	<u>244,812</u>
		<u>\$ 14,666,054</u>	<u>\$ 732,637</u>	<u>\$ 621,599</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 future years for the amounts listed in the table below.

For years ended December 31,	2023	\$ 212,323
	2024	455,777
	2025	<u>118,705</u>
	TOTAL	<u>\$ 786,805</u>

NOTE 20 - SUBSEQUENT EVENT:

Management has evaluated subsequent events through April 4, 2023 the date on which the financial statements were available to be issued. On February 25, 2022, the Department termed a loan agreement with MMWEC's pooled loan program in the amount of \$500,000 to fund the AMI Meter project.

GROTON ELECTRIC LIGHT DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
NET PENSION LIABILITY

OPERATING FUND

For the Year Ending December 31,	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial Valuation Date	1/1/2022	1/1/2020	1/1/2020	1/1/2018	1/1/2018	1/1/2016	1/1/2014	1/1/2014
Measurement Date	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Schedule of the Department's Proportionate Share of the Net Pension Liability (NPL):								
Department's Portion of the NPL	0.2886%	0.3346%	0.3321%	0.3111%	0.3146%	0.2419%	0.2440%	0.2681%
Department's Proportionate Share of the NPL	\$ 3,869,601	\$ 5,123,191	\$ 5,314,433	\$ 4,850,736	\$ 4,464,977	\$ 3,427,821	\$ 3,147,283	\$ 3,220,558
Department's Total Employee Payroll	\$ 1,595,450	\$ 1,396,473	\$ 1,398,040	\$ 1,351,960	\$ 1,258,182	\$ 1,370,655	\$ 1,129,487	\$ 1,104,367
NPL as a Percentage of Total Employee Payroll	242.54%	366.87%	380.13%	358.79%	354.88%	250.09%	278.65%	291.62%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	61.14%	53.42%	49.45%	46.40%	49.27%	45.49%	46.13%	47.94%
Schedule of Contributions:								
Actuarially Determined Contributions	\$ 479,756	\$ 435,407	\$ 410,986	\$ 433,554	\$ 410,200	\$ 281,155	\$ 265,683	\$ 251,738
Contributions in Relation to the Actuarially Determined Contribution	479,756	435,407	410,986	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>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Department's Total Employee Payroll	\$ 1,595,450	\$ 1,396,473	\$ 1,398,040	\$ 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	30.07%	31.18%	29.40%	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

	2022	2021	2020	2019	2018	2017
Total OPEB Liability:						
Service Cost	\$ 57,815	\$ 45,560	\$ 44,453	\$ 47,023	\$ 42,255	\$ 43,054
Interest	82,928	79,456	85,843	81,077	76,041	64,746
Differences between Expected and Actual Experience	97,830	0	(156,807)	0	(2,836)	115,369
Changes of Assumptions	338,468	169,164	(96,903)	56,750	0	0
Benefit Payments	(53,680)	(48,535)	(44,259)	(37,091)	(35,542)	(32,739)
Net Change in Total OPEB Liability	<u>523,361</u>	<u>245,645</u>	<u>(167,673)</u>	<u>147,759</u>	<u>79,918</u>	<u>190,430</u>
Total OPEB Liability - Beginning	1,548,261	1,302,616	1,470,289	1,322,530	1,242,612	1,052,182
Total OPEB Liability - Ending	<u>\$ 2,071,622</u>	<u>\$ 1,548,261</u>	<u>\$ 1,302,616</u>	<u>\$ 1,470,289</u>	<u>\$ 1,322,530</u>	<u>\$ 1,242,612</u>
Plan Fiduciary Net Position:						
Contributions-Employer	\$ 21,472	\$ 34,817	\$ 44,259	\$ 37,091	\$ 89,971	\$ 238,739
Net Investment Income	(245,516)	203,790	171,246	204,052	(37,566)	118,827
Benefit Payments	(53,680)	(48,535)	(44,259)	(37,091)	(35,542)	(32,739)
Net Change in Plan Fiduciary Net Position	<u>(277,724)</u>	<u>190,072</u>	<u>171,246</u>	<u>204,052</u>	<u>16,863</u>	<u>324,827</u>
Plan Fiduciary Net Position - Beginning	1,747,917	1,557,845	1,386,599	1,182,547	1,165,684	840,857
Plan Fiduciary Net Position - Ending	<u>\$ 1,470,193</u>	<u>\$ 1,747,917</u>	<u>\$ 1,557,845</u>	<u>\$ 1,386,599</u>	<u>\$ 1,182,547</u>	<u>\$ 1,165,684</u>
Net OPEB Liability - Ending	<u>\$ 601,429</u>	<u>\$ (199,656)</u>	<u>\$ (255,229)</u>	<u>\$ 83,690</u>	<u>\$ 139,983</u>	<u>\$ 76,928</u>

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

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

OPERATING FUND & OPEB TRUST FUND

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedules of Net OPEB Liability:						
Total OPEB Liability	\$ 2,071,622	\$ 1,548,261	\$ 1,302,616	\$ 1,470,289	\$ 1,322,530	\$ 1,242,612
Plan Fiduciary Net Position	1,470,193	1,747,917	1,557,845	1,386,599	1,182,547	1,165,684
Net OPEB Liability	<u>\$ 601,429</u>	<u>\$ (199,656)</u>	<u>\$ (255,229)</u>	<u>\$ 83,690</u>	<u>\$ 139,983</u>	<u>\$ 76,928</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	70.97%	112.90%	119.59%	94.31%	89.42%	93.81%
Covered Payroll	\$ 1,407,400	\$ 1,365,722	\$ 1,325,944	\$ 1,186,461	\$ 1,151,904	\$ 1,118,353
Net OPEB Liability as a Percentage of Covered Payroll	42.73%	-14.62%	-19.25%	7.05%	12.15%	6.88%
Schedules of Employer Contributions:						
Actuarially Determined Contributions	\$ 57,815	\$ 45,560	\$ 31,942	\$ 52,619	\$ 51,849	\$ 57,538
Contributions in relation to the actuarially determined contribution	(21,742)	(34,817)	(44,259)	(37,091)	(89,971)	(238,739)
Contribution Deficiency (Excess)	<u>\$ 36,073</u>	<u>\$ 10,743</u>	<u>\$ (12,317)</u>	<u>\$ 15,528</u>	<u>\$ (38,122)</u>	<u>\$ (181,201)</u>
Covered Payroll	\$ 1,407,400	\$ 1,365,722	\$ 1,325,944	\$ 1,186,461	\$ 1,151,904	\$ 1,118,353
Contributions as a percentage of covered payroll	1.54%	2.55%	3.34%	3.13%	7.81%	21.35%
Schedules of Investment Returns:						
Annual Money-Weighted rate of Return, net of investment expenses	-14.13%	13.11%	12.35%	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 THE REQUIRED SUPPLEMENTARY INFORMATION
OPERATING FUND & OPEB TRUST FUND

NOTE A – OTHER POSTEMPLOYMENT BENEFITS:

Changes in Assumptions

The discount rate was changed from 5.25% for the year ended December 31, 2021 to 5.02% for the year ended December 31, 2022.

NOTE B – PENSION PLAN:

Changes in Assumptions

The investment rate of return was lowered from 7.30% for the measurement date of December 31, 2020 to 7.15% for the measurement date of December 31, 2021. The materiality scale, was updated from MP 2017 to MP 2021.

GROTON ELECTRIC LIGHT DEPARTMENT
SCHEDULES OF SALES OF ELECTRICITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

OPERATING FUND

	2022	2021	INCREASE (DECREASE)
SALES OF ELECTRICITY:			
Residential	\$ 7,849,050	\$ 6,547,568	\$ 1,301,482
Commercial	2,242,472	2,065,393	177,079
Large Commercial	1,111,661	1,049,197	62,464
Municipal	866,028	739,421	126,607
Not for Profit Sales	425,603	121,319	304,284
Private Yard Lighting	35,916	32,942	2,974
Residential Farm	18,890	14,308	4,582
Commercial Farm	90,458	74,947	15,511
TOTAL SALES OF ELECTRICITY	\$ 12,640,078	\$ 10,645,095	\$ 1,994,983

GROTON ELECTRIC LIGHT DEPARTMENT
SCHEDULES OF OPERATIONS AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

OPERATING FUND

	2022	2021	INCREASE (DECREASE)
OPERATIONS EXPENSES:			
POWER PRODUCTION EXPENSES	\$ 8,496,080	\$ 7,298,743	\$ 1,197,337
DISTRIBUTION EXPENSES			
Miscellaneous Distribution Expenses	82,470	69,006	13,464
Line Expenses	14,887	19,918	(5,031)
CUSTOMER ACCOUNTS			
Customer Accounting and Collection Expense	227,113	225,224	1,889
Customer Service and Information Expense	40,932	42,139	(1,207)
Meter Reading Expense	97,875	82,860	15,015
Uncollectible Accounts	(488)	0	(488)
GENERAL AND ADMINISTRATIVE EXPENSES			
Administrative and General Salaries	327,427	300,818	26,609
Office Supplies and Expenses	67,276	65,547	1,729
Outside Services Employed	107,581	42,286	65,295
Property Insurance	75,969	70,754	5,215
Employees' Pension and Benefits	873,913	1,124,886	(250,973)
Dues, Meetings, and Other General Expenses	29,430	22,040	7,390
Transportation Expenses	44,038	68,255	(24,217)
TOTAL OPERATIONS EXPENSES	\$ 10,484,503	\$ 9,432,476	\$ 1,052,027
MAINTENANCE EXPENSES			
Maintenance of Lines	\$ 917,856	\$ 785,518	\$ 132,338
Maintenance - Other	309,731	211,935	97,796
TOTAL MAINTENANCE EXPENSES	\$ 1,227,587	\$ 997,453	\$ 230,134

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, Line Superintendent

Luke Condon, Meter Technician II
Adam Araujo, Apprentice Lineman

Jon Patterson, Assistant Foreman
Bruce Dubey Jr., Truck Foreman
Evan Gioumbakis, Truck Foreman
David Blood, Lineman
Kevin Stone, Lineman

Our office hours are open to the public:
Monday 7:30 a.m. – 7:00 p.m.
Tuesday through Thursday 7:30 a.m. – 4:00 p.m.
Friday 8:00 a.m. – 1:00 p.m.

Our line crew works 4 10-hour days: Monday – Thursday 6:00 a.m. – 4:30 p.m. with Fridays off.

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.

