



Town of Concord  
Concord Financial Audit Advisory Committee  
**AGENDA**

November 6, 2024, at 8:30 AM  
Town House, 22 Monument Sq., 2<sup>nd</sup> Fl. Select Board Conf. Room.  
*Notice of public meeting as required by M.G.L. Chpt.30A §18-28*

**HYBRID IN-PERSON AND VIRTUAL MEETING VIA ZOOM**

Join the meeting: <https://us02web.zoom.us/j/81370351095?pwd=YAs2ka9dNHdChLowbL2epv7X5X8bXL.1>  
Meeting ID: 813 7035 1095 Passcode: 373330 Dial in Toll-Free: 833-548-0282

*Please be advised that this open meeting is being broadcast live via Zoom and MMN and recorded for playback online, video-on-demand viewing at <https://concordma.gov/2409/Government>. The listings of matters are those reasonably anticipated by the Chair 48 hours before said meeting, which may be discussed at the meeting. Not all items listed may be addressed. Items may be taken out of order and at times differ from those listed below. Other items not listed may also be brought up for discussion to the extent permitted by law. **Video or call will be muted upon joining meeting please use the "raise your hand" feature in the zoom meeting to ask to speak. ATTENDEES ARE REMINDED THAT BY ATTENDING THIS MEETING THAT YOU CONSENT TO YOUR LIKENESS AND AUDIO BEING USED AND REBROADCAST BY MMN.***

8:30 AM	<b>1. Call to Order and Introductions</b>
8:35 AM	<b>2. Public Comment</b> Public Comment is limited to up to 10 minutes, with no more than 3 minutes allocated to any one speaker. Public Comment is limited to items that are not on the agenda.
8:45 AM	<b>3. Minutes</b> <ul style="list-style-type: none"> <li>• Approve the minutes of August 15, 2024</li> <li>• Approve the minutes of September 18, 2024</li> </ul>
8:50 AM	<b>4. Concord Carlisle High School (CCHS) Audit Letter</b> Approve Concord Carlisle High School (CCHS) Audit letter to the CCRSD School Committee.
9:10 AM	<b>5. Concord Municipal Light Plant (CMLP) Audit</b> <ul style="list-style-type: none"> <li>• CY23 Concord Municipal Light Plant (CMLP) Audit – Presentation and review of the final audit.</li> </ul>
9:25 AM	<b>6. Other Business</b> <ul style="list-style-type: none"> <li>• Set date for next meeting</li> <li>• Any other business</li> </ul>
9:30 AM	<b>7. Adjournment</b>



**Town of Concord**  
**Financial Audit Advisory Committee**  
AGENDA ACTION REQUEST  
November 06, 2024

**1**

## Call to Order

Introduction of members, staff and guest

**Requested by: FAAC Chair**

**Action Sought: Open Meeting**

### Proposed Motion(s)

MOVE to call the meeting to order. [roll call if any member is remote]

### Additional Information

Members of the Financial Audit Advisory Committee are:

- Wendy Rovelli, Select Board Representative, Chair FAAC (term exp. 5/31/25)
- Cynthia Rainey, School Committee Representative (term exp. 5/31/25)
- Brian Waterson, CCRSC Representative (term exp. 5/31/25)
- Bianca Taylor, CMLB Representative (term exp. 5/31/25)
- Court Booth, At-large member (term exp. 5/31/27)
- Bruce Button, At-large member (term exp. 5/31/26)
- John Flaherty, At-large member (term exp. 5/31/25)

### Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>



**Town of Concord**  
**Financial Audit Advisory Committee**  
AGENDA ACTION REQUEST  
November 06, 2024

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## Minutes

Approve the minutes of August 15, 2024, and September 18, 2024

**Requested by: FAAC Chair**

**Action Sought: Approval**

### Proposed Motion(s)

MOVE to approve the minutes from the August 15<sup>th</sup> and September 18<sup>th</sup>, 2024, meeting

### Additional Information

Attached is a copy of the minutes of the August 15<sup>th</sup> and September 18<sup>th</sup>, 2024 meeting for the committee to amend/approve as necessary.

### Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>

**Financial Audit Advisory Committee**  
**Draft Minutes of Meeting on August 15, 2024**

The Financial Audit Advisory Committee (FAAC) met on August 15, 2024, at 8:21AM by ZOOM. Notice of the meeting was duly filed with the Town Clerk, Town of Concord, Massachusetts, and the meeting was recorded.

Members present: Bianca B. Taylor, Municipal Light Board; Bruce Button, At-Large Member; Court Booth, At-Large Member; Brian Waterson, CCRSC Representative; Cynthia Rainey, School Committee and Wendy Rovelli, Select Board Representative.

Members absent: John Flaherty, At-Large Member

Others present: Anthony M. Ansaldi Jr, CFO; Elizabeth Rourke, Assistant CFO; Richard Delorey, Town Accountant and Colleen Rhinhart, Deputy Treasurer/Collector; Karlen Reed, Finance Committee.

**1. Call to Order and Introductions**

Ms. Rovelli called the meeting to order, acknowledge that the committee hasn't met in a year. Before we started with the agenda, members made introductions.

**2. Public Comment**

None.

**3. Review the FAAC Charge and Audit Calendar**

No changes expected to the charter, but it is important that members have read and understood their duties. Our focus is to review the audited financials and look for any internal control issues that are a concern. In April 2023 the committee discussed the terms of membership, and two recommendations were made: one was to have someone from FinCom participate as a liaison and the second was a discussion around terms. When possible, it is beneficial for committee appointed members to serve multiple 1-year terms.

School Committee chose to have two Representatives, one for the public schools and one for the region.

Anthony Ansaldi provided a summary of the Audit Schedule to the Committee.

**4. Minutes**

Motion to approve May 9, 2023, minutes, second by Bruce Button. Roll call was taken.

**5. FY23 Town Audit**

Scott McIntire of Marcum LLP led the discussion highlighting the FY23 Audit.

Mr. McIntire discussed the main results of the audit, the audit went and there was no need to propose any significant audit entries. The estimates in your financial statements that were reviewed in terms of pension and OPEB and other key assumptions we found to be sound, consistent with most communities in the Commonwealth of Mass; they are appropriately conservative.

We identify through our planning process, that significant risks include potential override by management, internal control structure and revenue being recognized in an improper fiscal year.

Mr. McIntire pointed out that they are an independent entity from the Town and something new this year is that they are required to disclose any non-audit services that we provide.

No concerns on journal entries.

Under government auditing standards, we are required by standards to indicate any material weaknesses with significant deficiencies that we found in your internal control. Similar to last year, the town does need to improve its reconciliation of water and sewer receivables, and we have cited this as significant deficiency.

Annual Comprehensive Financial Report (ACFR) goes above and beyond your basic requirements of your financial statements. A lot of good information about the community. The highlight is the Independent Auditors Report which is what you hire us to do. Based on the auditing standards that we follow, which were part of United States generally accepted auditing standards and generally accepted government auditing standards. The yellow book is based on applying our procedures in accordance with those standards, and in our opinions your financial statements are materially fairly presented, in accordance to generally accepted standards here in the U.S. In general it's thought of as a clean Independent Auditor Report, we call it unmodified.

In our professional opinion no conversation about a local government financial statement is complete without discussing, from a long-term perspective, net pension and net OPEB liability account balances. In general funding percentages for both are better than most municipalities. The Pension liability 6.5% conservative discount rate, in my opinion, is appropriate.

Mr. McIntire spoke about the Enterprise Funds Water & Sewer.

Ms. Rovelli asked Mr. McIntire to remind her what line item "non-spendable" represents. Mr. McIntire stated a couple of things, the vast majority is your Cemetery Perpetual Care Money, where people make contributions or buy sites. The principle is not to be spent, but the interest can be used for care and upkeep of the cemetery.

Unassigned fund balance went up \$2.4 million dollars, driven primarily from positive budgetary results softened by the use of free cash

Mr. McIntire stated that the percentages are very good and consistent with your peers as a Triple A rated community.

Ms. Rovelli asked for Mr. McIntire's feedback on our debt ratios. Mr. McIntire answered it's not the amount of debt but how rapidly the debt is being paid off. Rating agencies will often look at how rapidly you're paying off your debt. You are following a voter supported schedule and there is nothing wrong with that. It is important for the readers to know there's a reason why you are only paying off x%. It's important for management to be able to express those reasons to rating agencies and financial institutions and the committee. I don't think the rating agencies will look at your debt burden as out of line.

Ms. Reed noted that the town will be creating another fund called the Storm Water Fund and asked how this will be shown as an account. Mr. McIntire suggested it is little bit complicated. A decision will need to be made as to whether it's going to be an Enterprise Fund or a Governmental fund. The answer to that in general is also driven by the accounting standards.

Mr. McIntire reviewed the recommendations included in the management letter, most of which are expected to be addressed by June 30, 2025.

#### **6. FY22 Town Audit**

No discussions.

#### **7. Other Business**

None.

#### **8. Adjournment**

Roll call was taken, the Chair adjourned the meeting at 10:00am.

**Financial Audit Advisory Committee**  
**Draft Meeting Minutes on September 18, 2024**

The Financial Audit Advisory Committee (FAAC) met on September 18, 2024, at 8:30 AM Hybrid In-Person and Virtual Meeting via ZOOM. Notice of the meeting was duly filed with the Town Clerk, Town of Concord, Massachusetts, and the meeting was recorded.

Members present: Wendy Rovelli, Select Board Representative; Bianca B. Taylor (remote), Municipal Light Board; Cynthia Rainey (remote), School Committee; Court Booth, At-Large Member; Bruce Button, At-Large Member; Brian Waterson (remote), CCRSC Representative.

Others present: Elizabeth Rourke, Assistant CFO; Richard Delorey, Town Accountant; Colleen Rhinhart, Deputy Treasurer/Collector; Karlen Reed, Finance Committee Liaison, Bob Conry, Assistant Superintendent Concord Public Schools; Scott McIntire of Marcum LLP.

**1. Call to Order and Introductions**

Ms. Rovelli called the meeting to order at 8:33 am, started with introductions and announced that Karlen Reed is officially the Finance Committee Liaison.

**2. Public Comment**

None.

**3. Minutes**

Ms. Rovelli will be making some revisions to the minutes and will forward to the committee for their review.

**4. FY23 Audits**

Mr. McIntire of Marcum led the discussion of the CCRSD Audit. He started with the Governance Letter, most important communication, which tells you about the process of professional auditing standards that we follow and how the audit went.

First paragraph talks about our responsibilities and tells you that we followed US generally accepted auditing standards, government auditing standards and OMB, office management and budget uniform guidance.

Page 2. talks about plan, timing and scope. We identified the following significant risks of material statement as part of our audit planning, Management Override Controls and Improper Revenue Recognition. These risks are essentially mandatory based on the standards.

Your financial statements include a number of estimates including capital assets, net pension liability, and net OPEB liability. These are all significant estimates based on auditing standards. Our audit process

looked at the assumptions that go into those estimated liabilities and in our opinion those assumptions are very consistent with other organizations in both the Commonwealth and across the country.

We did not identify any difficulties as a result of performing our procedures.

Mr. McIntire pointed out that they are an independent entity from the Town and this year are also required to disclose any non-audit services that we provide. With the school district, as we did with the Town, CMLP and every other organization that we audit in Commonwealth of Mass, we assist the district in preparing the ultimate financial statements based on books, records and underlying accounting records that the district maintains. Consolidating most of your funds to what we call the long-term perspective financial statements is a process that we the Auditors do and technically that's considered a non-audit service, and our Professional Standards require that I tell you.

Based on the auditing standards that we follow, the US generally accepted auditing standards as well as generally accepted government auditing standards procedures that we've performed in accordance with those standards, in our opinion your financial statement are materially presented in accordance with generally accepted accounting principles.

A question was raised about the increased in the discount rate from 6.5% to 6.75% related to Net OPEB liability. On page 53, the Deferred inflows of resources change is related to this change in assumptions (\$900K). At the same time, the net difference between projected and actual investment earnings on OPEB plan investments is essentially zero. This number represents the cumulative difference over the last five years of what actual investment earnings were compared to estimates. Good sign it's essentially zero.

From a short-term perspective (page 14), the General Fund had an unassigned fund balance of \$2.1 million dollars, a \$200,000 increase over the prior year balance of \$1.9 million dollars.

Ms. Rovelli requested a motion to accept the audit from the Committee, motion moved by Mr. Button, seconded by Mr. Booth and the committee voted to approve by unanimous roll call vote.

Ms. Rovelli commented on the letter that was drafted regarding the Town's audit from the FAAC to the Select Board. The letter starts with a general introduction to the role the financial structures of the Town and speaks to the duties of the Financial Audit Committee. The letter then typically summarizes any internal control issues discovered during the audit and which are included in a separate e management letter. The management letter issues have been included and also noted when audit issues were identified in prior audits. Ms. Rovelli reminded everyone there's been a lot of staff turnover in both the Town Management and Finance Office, as well as for the regional school district. The Finance team is committed to address the identified issues by the end of FY25.

Ms. Rovelli requested a motion to accept the letter as drafted, which was moved by Mr. Button and seconded by Mr. Booth, and the committee voted to approve by unanimous roll call vote.

## **5. Other Business**

Next FAAC meeting - October 9, 2024, at 10:00am

## **6. Adjournment**

Ms. Rovelli adjourned the meeting at 9:36am.

DRAFT



**Town of Concord**  
**Financial Audit Advisory Committee**  
AGENDA ACTION REQUEST  
November 06, 2024

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## **FY23 Concord-Carlisle Regional School District Audit**

Presentation and review of the final audit letter

**Requested by: FAAC Chair**

**Action Sought: Discussion**

### **Proposed Motion(s)**

Discussion dependent

### **Additional Information**

The audit firm of Marcum, LLP, (formerly Melanson) presented the results of the FY23 Concord-Carlisle Regional School District audit on September 18, 2024. The Chair will present to the FAAC the audit letter to the CCRSD School Committee for the committees review and approval.

### **Board Action**

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>

**Financial Audit Advisory Committee  
Report to the Concord-Carlisle Regional School Committee  
October 2024**

The Financial Audit Advisory Committee (FAAC) is completing its work for the current auditing Cycle and as required in its charge, is reporting to the School Committee. This letter is our report regarding the audit of the Concord-Carlisle Regional School District (CCRSD) for the year ended June 30, 2023.

**Reporting Structure**

The Municipal Light Plant, a department of the Town, is separately audited on a December 31 fiscal year basis for the purpose of its required reporting to the Massachusetts Department of Public Utilities. The Town is audited on a June 30 fiscal year reporting basis, in accordance with state law. The audited financial statements of the Municipal Light Plant are incorporated into the Town's annual financial statements. The Concord Public School Department is also a part of the Town's annual audit and financial statements. There are no other component units of the Town.

The CCRSD is a separate governmental jurisdiction and is responsible for its own annual audit examination and issuance of audited financial statements on a June 30 fiscal year basis. The CCRSD agreed to be included in the responsibilities of the FAAC and report our findings to the Regional School Committee.

**External Auditor**

The firm of Marcum LLP currently is engaged to perform the annual audit examination of the Municipal Light Plant, CCRSD and the Town of Concord.

**Duties of the Town of Concord FAAC**

As a reminder, the duties of the FAAC are:

- Review the arrangements for the scope and progress of the annual audit;
- Review the draft audited financial statements and consider the management letter recommendations and management's response;
- Review internal accounting and control procedures as necessary;
- Participate in presentation of the annual audited financial statements by the external auditor at a public meeting of the Select Board and the Concord Carlisle Regional School Committee;
- Prepare such reports and recommendations to the Select Board and the Concord Carlisle Regional School Committee from time to time, within its assigned scope, as it may deem to be in the best interest of the Town; and
- Recommend to the Town Manager the selection of the independent external auditor.

We believe that with the submission of this report to the Regional School Committee along with separate reporting to the Select Board and Concord Municipal Light Board, the committee will have discharged its duties for the FY23/CY23 audit cycle.

**Report on the activities of the FAAC**

Our report has two components: 1) comments on the audit process and management letter for the Town; and 2) any additional items associated with the Town.

Audit Process and Management Letter for the Town

The Independent Auditor's report for the CCRSD (page 1) indicates:

" In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America."

In addition, the auditor did not need to issue a Management Letter in association with the audit suggesting that internal controls are strong and operating procedures are appropriate and efficient.

Additional Items Associated with the Town

No additional items of any significance were identified by the Committee members for further review and/or action.

The FAAC would like to thank Scott McIntire, Marcum LLP, for the presentations to the committee. The FAAC would also like to thank Robert Conry, Assistant Superintendent of Finance and Operations and his team for their attention to the committee's requests and in assisting us in understanding both the audit process and the financial statements report.

The Financial Audit Advisory Committee:

Wendy Rovelli, Select Board Representative, Chair  
Cynthia Rainey, School Committee Representative  
Brian Waterson, CCRSD Committee Representative  
Bianca Taylor, CMLB Representative  
Court Booth, At-large member  
Bruce Button, At-large member  
John Flaherty, At-large member



**Town of Concord**  
**Financial Audit Advisory Committee**  
AGENDA ACTION REQUEST  
November 06, 2024

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# CY23 Concord Municipal Light Plant Audit

Presentation of the CY23 CMLP Audit Results

**Requested by: FAAC Chair**

**Action Sought: Discussion**

## Proposed Motion(s)

Discussion dependent

## Additional Information

The audit firm of Marcum, LLP, (formerly Melanson) will present the results of the CY23 Concord Municipal Light Plant audit to the FAAC.

## Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>



October 21, 2024

To the Municipal Light Board  
Concord Municipal Light Plant

We have audited the financial statements of the Concord Municipal Light Plant (the Plant) (an enterprise fund of the Town of Concord, Massachusetts) for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated November 21, 2023, our responsibility, as described by professional standards, was to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to Management's Discussion and Analysis and various pension and other post-employment benefits (OPEB) schedules, which supplement the basic financial statements, was to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, and Combining Statement of Cash Flows, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Planned Scope, Timing of the Audit, and Other**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls.
- Improper revenue recognition.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plant are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Plant during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Plant's financial statements were:

- Estimated lives and depreciation methods for depreciable assets.
- Net pension liability and related deferred inflows and outflows.
- Net OPEB liability and related deferred inflows and outflows.

Management's estimated of the above are based on various criteria. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures affecting the Plant's financial statements.

The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 21, 2024.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plant's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plant's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis and various pension and other post-employment benefit (OPEB) schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, and Combining Statement of Cash Flows , which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Restriction on Use**

This information is intended solely for the information and use of the Municipal Light Board and management of the Plant and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Marcum LLP". The signature is written in a cursive, flowing style.

Marcum LLP  
Boston, MA

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2023**



**CONCORD MUNICIPAL  
LIGHT PLANT**  
ELECTRIC | BROADBAND | ENERGY MANAGEMENT

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

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## INDEPENDENT AUDITORS' REPORT

To the Municipal Lighting Board  
**Concord Municipal Light Plant**

### *Opinion*

We have audited the financial statements of the Concord Municipal Light Plant (the Plant) (an enterprise fund of the Town of Concord, Massachusetts), as of and for the year ended December 31, 2023, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Plant as of December 31, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United State of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plant, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Plant's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***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 auditor's 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the Concord Municipal Light Plant are intended to present the financial position, changes in financial position, and cash flows of only that portion of the Town of Concord, Massachusetts that is attributable to the transactions of the Concord Municipal Light Plant. They do not purport to, and do not, present fairly the financial position of the Town of Concord, Massachusetts as of December 31, 2023, and the changes in its financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Plant's basic statements. The accompanying supplementary information on pages 45 through 49 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Prior Period Financial Statements***

The financial statements of the Plant as of and for the year ended June 30, 2022 were audited by Melanson, P.C., whose practice was combined with Marcum LLP as of January 1, 2023, and whose report dated June 26, 2023 expressed an unmodified opinion on those statements.

*Marcum LLP*

Boston, MA  
October 21, 2024

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DECEMBER 31, 2023**

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Within this section of the Concord Municipal Light Plant's (the Plant) annual financial report, management provides a narrative discussion and analysis of the Plant's financial activities for the year ended December 31, 2023. The Plant's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**Overview of the Financial Statements**

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

***Proprietary Fund***

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

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

***Notes to Financial Statements***

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

**Financial Highlights**

The Statement of Net Position is designed to indicate our financial position at a specific point in time. As of December 31, 2023, it shows our net position as \$50,686,765, which comprises \$36,562,061 invested in capital assets net of related long-term debt, \$7,000,140 restricted for the depreciation fund, and \$7,124,564 unrestricted.

The Statement of Revenues, Expenses, and Changes in Net Position summarizes our operating results. The change in net position for the year ended December 31, 2023 was \$3,376,546. The increase in net position was mainly due to a reduction of expenses in 2023, specifically a reduction of \$3,129,795 in purchased power after prices in the spot market decreased from highs in 2022.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DECEMBER 31, 2023**

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The Statement of Cash Flows provides information about cash receipts, cash payments, investing, and financing activities during the accounting period. A review of our 2023 Statement of Cash Flows indicates that cash receipts from operating activities adequately covers our operating expenses, debt service principal and interest, and our return on investment to the Town of Concord.

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

**Summary of Net Position**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current and other assets	\$ 28,999,991	\$ 27,194,706
Capital assets, net	<u>38,828,562</u>	<u>38,060,155</u>
<b>Total Assets</b>	<u>67,828,553</u>	<u>65,254,861</u>
<b>Deferred Outflows of Resources</b>	<u>4,147,902</u>	<u>2,933,659</u>
<b>Liabilities</b>		
Long-term liabilities	7,120,569	5,201,696
Other liabilities	<u>11,374,947</u>	<u>11,018,128</u>
<b>Total Liabilities</b>	<u>18,495,516</u>	<u>16,219,824</u>
<b>Deferred Inflows of Resources</b>	<u>2,794,174</u>	<u>4,658,477</u>
<b>Net Position</b>		
Net investment in capital assets	36,562,061	35,173,611
Restricted for depreciation fund	7,000,140	7,488,870
Unrestricted	<u>7,124,564</u>	<u>4,647,738</u>
<b>Total Net Position</b>	<u>\$ 50,686,765</u>	<u>\$ 47,310,219</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DECEMBER 31, 2023**

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**Summary of Changes in Net Position**

	<u>2023</u>	<u>2022</u>
<b>Operating Revenues</b>	\$ 35,296,544	\$ 36,026,204
<b>Operating Expenses</b>	<u>(32,566,130)</u>	<u>(34,626,921)</u>
<b>Operating Income</b>	2,730,414	1,399,283
<b>Nonoperating Revenues (Expenses), Net</b>	<u>1,023,632</u>	<u>374,135</u>
<b>Income Before Contributions and Other Items</b>	3,754,046	1,773,418
<b>Return on Investment transfer to Town of Concord</b>	<u>(377,500)</u>	<u>(296,000)</u>
<b>Change in Net Position</b>	3,376,546	1,477,418
<b>Net Position, Beginning</b>	<u>47,310,219</u>	<u>45,832,801</u>
<b>Net Position, Ending</b>	<u>\$ 50,686,765</u>	<u>\$ 47,310,219</u>

Operating revenues for 2023 decreased by \$729,660 or 2% from 2022. Similarly, total operating expenses for 2023 decreased by \$2,060,791 or 6% from 2022. The decrease in operating expenses was primarily the result of both supply and price volatility within global energy markets.

**Capital Assets and Debt Administration**

***Capital Assets***

The Plant's total investment in capital assets at year-end was \$38,828,562, net of accumulated depreciation, an increase of \$768,407 from the prior year. This investment in capital assets includes land, construction in progress, structures and improvements, equipment and furnishings, transmission, distribution, and communications assets.

***Debt and Other Long-Term Obligations***

At December 31, 2023, total bonded debt was \$2,090,000 (exclusive of unamortized bond premium), all of which was backed by the full faith and credit of the Town of Concord, Massachusetts.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DECEMBER 31, 2023**

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**Other Information**

***Broadband Operations***

In 2014, the Plant brought a municipal high-speed internet service (Broadband) to market using its fiber optic network. The April 2013 Annual Town Meeting approved Article 48 which authorized borrowing of up to \$1,000,000 to fund telecommunications startup expenses. An initial borrowing of \$100,000 in 2014 has been fully paid back. In 2016, the Plant borrowed an additional \$500,000 with a one-year bond anticipation note to continue to expand the telecommunications operation. This note was converted into a bond in 2016. The April 2017 Annual Town Meeting approved Article 24 which authorized borrowing of up to \$1,000,000 to fund telecommunications expansion expenses in addition to the 2013 authorization. During 2019, the Plant issued a new bond for telecommunications for \$338,000, which exhausted the 2013 authorization. On November 13 of 2020, an agreement was made between the Plant and Broadband whereas Broadband agreed to pay back the \$1,900,000 loan issued to the Plant to fund the telecommunication startup costs over a 10-year period. On May 20, 2021, Broadband issued an additional \$133,000 of debt for its telecommunications infrastructure. As of December 31, 2022, the Plant had 1,723 commercial and residential broadband customers connected, an increase of 88 customers over the previous year. As of December 31, 2023, annualized operating revenue from Broadband was \$1,568,723.

**Requests for Information**

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

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

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

**STATEMENT OF NET POSITION**

**DECEMBER 31, 2023**

*(with comparative totals as of December 31, 2022)*

	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Unrestricted cash and short-term investments	\$ 1,522,725	\$ 1,909,428
Accounts receivable, net of allowance for uncollectible	5,281,494	5,546,442
Prepaid expenses	4,297,012	3,145,826
Inventory	1,305,274	1,291,595
Leases receivable	65,322	76,556
Other current assets	--	62,854
<b>Total Current Assets</b>	<b>12,471,827</b>	<b>12,032,701</b>
<b>Noncurrent Assets</b>		
Restricted cash	15,492,921	13,547,577
Investment in associated companies	782,056	782,056
Leases receivable, net of current portion	253,187	273,569
Net pension asset	--	558,803
Capital assets:		
Land and construction in progress	2,354,570	2,637,280
Other capital assets, net of accumulated depreciation	36,473,992	35,422,875
<b>Total Noncurrent Assets</b>	<b>55,356,726</b>	<b>53,222,160</b>
<b>Total Assets</b>	<b>67,828,553</b>	<b>65,254,861</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	3,458,557	1,998,142
Related to OPEB	689,345	935,517
<b>Total Deferred Outflows of Resources</b>	<b>4,147,902</b>	<b>2,933,659</b>

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

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

**STATEMENT OF NET POSITION (CONTINUED)**

**DECEMBER 31, 2023**

*(with comparative totals as of December 31, 2022)*

	2023	2022
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	5,559,650	5,985,055
Accrued liabilities	309,111	282,260
Customer deposits	710,707	585,035
Customer advances for construction	378,493	255,922
Unearned revenue	4,416,986	3,909,856
Current portion of long-term liabilities:		
Bonds payable	623,491	620,041
Compensated absences	10,034	9,298
<b>Total Current Liabilities</b>	12,008,472	11,647,467
<b>Noncurrent Liabilities</b>		
Bonds payable, net of current portion	1,643,011	2,266,501
Net pension liability	3,535,807	--
Net OPEB liability	1,117,578	2,129,201
Compensated absences, net of current portion	190,648	176,655
<b>Total Noncurrent Liabilities</b>	6,487,044	4,572,357
<b>Total Liabilities</b>	18,495,516	16,219,824
<b>Deferred Inflows of Resources</b>		
Related to pension	866,369	3,158,423
Related to OPEB	1,609,296	1,149,929
Related to leases	318,509	350,125
<b>Total Deferred Inflows of Resources</b>	2,794,174	4,658,477
<b>Net Position</b>		
Net investment in capital assets	36,562,061	35,173,611
Restricted for depreciation fund	7,000,140	7,488,870
Unrestricted	7,124,564	4,647,738
<b>Total Net Position</b>	\$ 50,686,765	\$ 47,310,219

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

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

**DECEMBER 31, 2023**

*(with comparative totals as of December 31, 2022)*

	2023	2022
<b>Operating Revenues</b>		
Electric sales	\$ 30,579,633	\$ 32,309,501
Internet sales	1,311,012	1,437,923
Rate refund	(496,211)	(1,748,735)
Underground surcharge	507,667	528,024
Renewable energy certificate revenue	3,274,006	3,373,115
Other operating revenue	120,437	126,376
<b>Total Operating Revenues</b>	<b>35,296,544</b>	<b>36,026,204</b>
<b>Operating Expenses</b>		
Purchase power	21,693,112	24,822,907
Salaries and benefits	3,946,813	3,529,593
Other operating expenses	1,412,783	1,445,866
Depreciation/Amortization	2,069,428	2,051,394
Customer accounts	1,756,645	1,506,160
Distribution	1,588,129	1,187,147
Transmission	99,220	83,854
<b>Total Operating Expenses</b>	<b>32,566,130</b>	<b>34,626,921</b>
Operating Income	2,730,414	1,399,283
<b>Nonoperating Revenues (Expenses)</b>		
Interest income	727,342	187,469
Interest expense	(95,979)	(113,965)
Loss on disposal of capital assets	(42,494)	(59,200)
Other expenses	(59,115)	(71,128)
Other revenues	493,878	430,959
<b>Total Nonoperating Revenues (Expenses), net</b>	<b>1,023,632</b>	<b>374,135</b>
Income Before Transfers	3,754,046	1,773,418
Return on investment transfer to Town of Concord	(377,500)	(296,000)
<b>Change in Net Position</b>	<b>3,376,546</b>	<b>1,477,418</b>
<b>Net Position</b> at Beginning of Year	<b>47,310,219</b>	<b>45,832,801</b>
<b>Net Position</b> at End of Year	<b>\$ 50,686,765</b>	<b>\$ 47,310,219</b>

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

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

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

*(with comparative totals as of December 31, 2022)*

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 36,194,294	\$ 36,018,829
Payments to vendors and employees	<u>(31,888,308)</u>	<u>(33,436,375)</u>
<b>Net Cash Provided by Operating Activities</b>	4,305,986	2,582,454
<b>Cash Flows from Noncapital Financing Activities</b>		
Return on investment to Town of Concord	(377,500)	(296,000)
Other expenses	(59,116)	(71,128)
Other revenues	<u>498,236</u>	<u>326,005</u>
<b>Net Cash Provided by (Used for) Noncapital Financing Acti</b>	61,620	(41,123)
<b>Cash Flows from Capital and Related</b>		
<b>Financing Activities</b>		
Acquisition and construction of capital assets	(2,880,328)	(1,085,000)
Principal payments on bonds	(560,000)	(570,000)
Proceeds from notes	--	75,000
Principal payments on notes	--	(75,000)
Interest expense	<u>(95,979)</u>	<u>(113,965)</u>
<b>Net Cash (Used for) Capital and Related</b>		
<b>Financing Activities</b>	<u>(3,536,307)</u>	<u>(1,768,965)</u>
<b>Cash Flows from Investing Activities</b>		
Investment income	<u>727,342</u>	<u>187,469</u>
<b>Net Cash Provided by Investing Activities</b>	<u>727,342</u>	<u>187,469</u>
<b>Net Change in Cash and Short-Term Investments</b>	<u>1,558,641</u>	<u>959,835</u>
<b>Cash and Short Term Investments, Beginning of Year</b>	<u>15,457,005</u>	<u>14,497,170</u>
<b>Cash and Short Term Investments, End of Year</b>	<u>\$ 17,015,646</u>	<u>\$ 15,457,005</u>

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

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

**STATEMENT OF CASH FLOWS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

*(with comparative totals as of December 31, 2022)*

	<u>2023</u>	<u>2022</u>
<b>Reconciliation of Operating Income to Net Cash provided by Operating Activities</b>		
Operating income	2,730,414	1,399,283
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation/Amortization	2,069,428	2,051,394
Changes in assets, liabilities, and deferred outflows/inflows:		
Accounts receivable	264,948	(1,749,942)
Prepaid expenses	(980,858)	(1,213,217)
Inventory	(13,679)	(33,285)
Net pension asset and related deferrals	--	(677,253)
Other assets	(1,546)	1,016
Accounts payable	(595,732)	491,383
Accrued liabilities	26,853	25,779
Customer advances for construction	122,570	183,763
Unearned revenue	507,129	1,763,912
Net pension liability and related deferrals	342,141	--
Net OPEB liability and related deferrals	(306,084)	411,553
Other liabilities	140,402	(71,932)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 4,305,986</u>	<u>\$ 2,582,454</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***REPORTING ENTITY***

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

***ACTIVITIES***

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

***REGULATION***

Under Massachusetts General Laws, the Plant's electric rates are set by the Municipal Light Board. Electric rates, excluding the fuel charge, cannot be changed more often than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general authority over the Plant, the Plant's rates are not subject to DPU approval. The Plant's policy is to prepare its financial statements in conformity with account principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Account Standards board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles.

***BASIS OF ACCOUNTING***

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***CONCENTRATIONS***

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

***REVENUES***

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

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

***CASH AND SHORT-TERM INVESTMENTS***

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

***LEASES***

The Plant recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the Plant initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis over its useful life. The following key assumptions are made:

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***LEASES (CONTINUED)***

- The Plant uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

***INVENTORY***

Plant inventory consists of parts and accessories purchased for use in the utility business for construction, operation, and maintenance and is stated at average cost.

***CAPITAL ASSETS AND DEPRECIATION***

Capital assets, which include property, plant, equipment, and utility plant infrastructure, are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at acquisition fair market value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as they are acquired or constructed. When capital assets are retired, the cost of the retired asset, less accumulated depreciation, salvage value, and any cash proceeds, is charged to the Plant's unrestricted net position.

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

***ACCRUED COMPENSATED ABSENCES***

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

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***LONG-TERM OBLIGATIONS***

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

***NET POSITION***

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

***USE OF ESTIMATES***

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

***RATE OF RETURN***

The Plant's rates must be set such that earnings attributable to electric operations do not exceed eight percent of the net cost of plant. In 2023, the Plant's earnings did not exceed this threshold.

**NOTE 2 - CASH AND INVESTMENTS**

***CUSTODIAL CREDIT RISK***

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

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

*CUSTODIAL CREDIT RISK (CONTINUED)*

Because all of the Plant's cash is in the custody of the Town Treasurer, all bank accounts are maintained in the name of the Town. At December 31, 2023 virtually all of the Plant's bank balances were held in Massachusetts Municipal Depository Trust (MMDT), the local government money market investment pool, for which the State Treasurer is sole trustee and which is managed by federated investors under contract to the State Treasurer.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts Receivable consisted of the following at December 31, 2023:

Customer Accounts:		
Billed	\$ 3,115,597	
Less allowances:		
Uncollectible accounts	<u>(21,366)</u>	
Total billed		3,094,231
Unbilled, net		<u>1,939,879</u>
Total customer accounts		5,034,110
Other Accounts:		
Merchandise and jobbing	186,279	
Liens and other	<u>61,105</u>	
Total other accounts		<u>247,384</u>
Total net receivables		<u><u>\$ 5,281,494</u></u>

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**NOTE 4 - PREPAID EXPENSES**

Prepaid expenses consist primarily of advance payments for purchased power. At December 31, 2023, the Plant reported the following prepaid expenses:

Purchased power	\$ 3,346,455
NYPA prepayment fund	85,884
Fuel inventory	170,433
Insurance and other	<u>694,240</u>
Total	<u>\$ 4,297,012</u>

**NOTE 5 - RESTRICTED CASH**

Restricted cash consisted of the following at December 31, 2023:

Customer advances for construction fund	\$ 378,493
Customer deposits fund	690,933
Depreciation fund	7,000,140
Renewable energy certificate purchase fund	4,241,828
Underground fund	<u>3,181,527</u>
Total	<u>\$ 15,492,921</u>

The Plant maintains the following restricted cash accounts:

- *Customer advances for construction fund* – This represents customer deposits held for special construction projects.
- *Customer deposits fund* – This represents residential and commercial customer service deposits that are held in escrow.
- *Depreciation fund* – The Plant reserves 3.0% of depreciable utility plant assets each year to fund current and future capital improvements.
- *Renewable energy certificate purchase fund* – This account was established to accumulate funds received from customers for the purpose of purchasing renewable energy certificates on the open market.
- *Underground fund* – This fund was established in 1987 for the purpose of placing existing overhead lines underground. Currently, a 1.5% charge on all electric bills is used to replenish this fund.

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**NOTE 6 - INVESTMENT IN ASSOCIATED COMPANIES**

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), the Plant has made advances to fund its equity requirements for the Hydro-Quebec Phase II interconnection. The Plant is carrying its investment at cost, reduced by shares repurchased. As of December 31, 2023, the market value of these investments could not be readily determined.

The Plant also purchased a five percent interest in Energy New England, LLC for \$150,000 in 2007. Energy New England, LLC is an energy and energy services cooperative established to assist publicly owned entities to ensure their continued viability in the deregulated wholesale electric utility markets and to strengthen their competitive position in the retail energy market for the benefit of the municipal entities. Energy New England, LLC functions as an autonomous, entrepreneurial business unit that is free from many of the constraints imposed on traditional municipal utility operations. The balance, reflected at fair value, was \$743,210 as of December 31, 2021, as December 31, 2023 fair value was not readily available as of the date of these financial statements.

Investment in associated companies consisted of the following for the year ended December 31, 2023:

Hydro-Quebec (at cost)	\$ 38,846
Energy New England, LLC (December 31, 2021 fair value)	<u>743,210</u>
Total	<u><u>\$ 782,056</u></u>

**NOTE 7 - LEASES RECEIVABLE**

In 2022, the Plant adopted GASB Statement No. 87, Leases. This statement requires the recording of a lease receivable and a deferred inflow of resources by the lessor (the Plant) even in the case of a lease which does not transfer ownership of the leased asset.

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**NOTE 7 - LEASES RECEIVABLE (CONTINUED)**

As of December 31, 2023, the Plant's receivable, and deferred inflow of resources for lease payments was \$318,509. The Plant recognized lease revenue of \$79,485 in calendar year 2023. These leases are summarized as follows:

	Leases Receivable	Leases Revenue
Fiber optic cable - Concord-Carlisle Regional School District	\$ 14,626	\$ 28,789
Fiber optic cable - Concord Academy	12,274	2,700
Fiber optic cable - DSCI Corporation	291,609	47,996
Total	\$ 318,509	\$ 79,485

*Fiber optic cable – Concord-Carlisle Regional School District* – On September 1, 2014, the Plant entered into a ten-year lease agreement with the Concord-Carlisle Regional School District for the lease of Plant owned fiber optic network. Based on the agreement, the Plant is receiving monthly payments through 2024. This lease agreement includes an annual rate adjustment based on the consumer price index.

*Fiber optic cable – Concord Academy* – On June 13, 2014, the Plant entered into a three-year lease agreement with the Concord Academy for the lease of Plant owned fiber optic network. Based on the agreement, the Plant is receiving annual payments through 2029. This lease agreement includes an extension clause for 4 three-year renewal terms, that is expected to be exercised.

*Fiber optic cable – DSCI Corporation* – On December 5, 2011, the Plant entered into a five-year lease agreement with DSCI Corporation for the lease of a Plant owned fiber optic network. Based on the agreement, the Plant is receiving annual payments through 2031. This lease agreement includes an extension clause for 3 five-year renewal terms, which is expected to be exercised.

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**NOTE 8 - CAPITAL ASSETS**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Structures and improvements	\$ 9,456	\$ 8	\$ --	\$ 9,464
Equipment and furnishings	14,182	718	(172)	14,728
Infrastructure	44,319	2,425	(98)	46,646
Intangible	2,086	--	--	2,086
Total capital assets, being depreciated	70,043	3,151	(270)	72,924
Less accumulated depreciation for:				
Structures and improvements	(5,397)	(280)	--	(5,677)
Equipment and furnishings	(5,945)	(404)	166	(6,183)
Infrastructure	(22,151)	(1,335)	85	(23,401)
Intangible	(1,127)	(63)	--	(1,190)
Total accumulated depreciation	(34,620)	(2,082)	251	(36,451)
Total capital assets, being depreciated, net	36,662	1,069	(19)	36,473
Capital assets, not being depreciated:				
Land	1,602	--	--	1,602
Construction in progress	1,035	2,228	(2,510)	753
Total capital assets, not being depreciated	2,637	2,228	(2,510)	2,355
Capital assets, net	<u>\$ 38,060</u>	<u>\$ 3,297</u>	<u>\$ (2,529)</u>	<u>\$ 38,828</u>

**NOTE 9 - DEFERRED OUTFLOWS OF RESOURCES**

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

**NOTE 10 - ACCOUNTS PAYABLE**

Accounts payable represents 2023 expenses that were paid after December 31, 2023.

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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 11 - ACCRUED LIABILITIES**

Accrued liabilities consisted of the following at December 31, 2023:

Accrued payroll	\$ 293,746
Accrued sales tax	813
Accrued bond interest	<u>14,552</u>
Total	<u>\$ 309,111</u>

**NOTE 12 - CUSTOMER DEPOSITS**

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

**NOTE 13 - UNEARNED REVENUE**

Unearned revenue relates to resources which will be applied to future years' customer rates. Unearned revenue consisted of the following at December 31, 2023:

Provision for rate refund	\$ 4,136,189
Provision for injuries and damages	<u>280,797</u>
Total	<u>\$ 4,416,986</u>

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**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 14 - LONG-TERM LIABILITIES**

***GENERAL OBLIGATION BONDS***

The Plant issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of the Plant. The balances of the general obligation bonds outstanding at December 31, 2023 were as follows:

General Obligation Bonds	Serial Maturities Through	Coupon Interest Rate(s) %	Amount Outstanding as of 12/31/23
W. R. Grace land acquisition	06/15/24	5.00%	\$ 32,000
Light plant expansion	06/01/27	2.07%	1,200,000
Telecom	06/15/29	5.00%	223,000
Telecom	06/30/28	5.00%	90,000
Smart grid - refunding	06/30/26	5.00%	545,000
Total general obligation bonds			<u>\$ 2,090,000</u>

***FUTURE DEBT SERVICE***

The annual payments to retire all general obligation long-term debt outstanding as of December 31, 2023 were as follows:

	Principal	Interest	Total
2024	\$ 565,000	\$ 63,750	\$ 628,750
2025	535,000	43,375	578,375
2026	540,000	24,563	564,563
2027	355,000	9,875	364,875
2028	55,000	3,375	58,375
2029	40,000	1,000	41,000
Total	<u>\$ 2,090,000</u>	<u>\$ 145,938</u>	<u>\$ 2,235,938</u>

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**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 14 - LONG-TERM LIABILITIES (CONTINUED)**

*CHANGES IN LONG-TERM LIABILITIES*

During the year ended December 31, 2023, the following changes occurred in long-term liabilities (in thousands):

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Current Portion	Long-Term Portion
Bonds payable	\$ 2,650	\$ --	\$ (560)	\$ 2,090	\$ (565)	\$ 1,525
Unamortized premium	237	--	(60)	177	(58)	119
Subtotal bonds	2,887	--	(620)	2,267	(623)	1,644
Net pension liability (asset)	(559)	4,849	(754)	3,536	--	3,536
Net OPEB liability	2,129	162	(1,173)	1,118	--	1,118
Compensated absences	186	282	(267)	201	(10)	191
Totals	<u>\$ 4,643</u>	<u>\$ 5,293</u>	<u>\$ (2,814)</u>	<u>\$ 7,122</u>	<u>\$ (633)</u>	<u>\$ 6,489</u>

**NOTE 15 - DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources represent the acquisition of net assets by the Plant that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB in accordance with GASB Statements No. 69 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Deferred inflows related to leases, in accordance with GASB Statement No. 87 have been recognized in 2023 and are offset with lease receivables.

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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM**

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

***PLAN DESCRIPTION***

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

***Participant Contributions***

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

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

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

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**NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)**

*PLAN DESCRIPTION (CONTINUED)*

*Participant Retirement Benefits*

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

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

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

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

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Plant employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

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**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)**

*PLAN DESCRIPTION (CONTINUED)*

*Participant Retirement Benefits (Continued)*

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

*Methods of Payment*

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

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

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**NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)**

***PLAN DESCRIPTION (CONTINUED)***

*Participant Refunds*

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

*Employer Contributions*

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

The Plant's contributions to the System for the year ended December 31, 2023 were \$677,816, which were equal to its actuarially determined contributions.

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

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

***PENSION LIABILITIES (ASSET), PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS***

At December 31, 2023, the Plant reported a liability of \$3,535,807 related to its proportionate share of the net pension liability. For the current year, the net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The Plant's proportion of the net pension liability was based on a projection of the Plant's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2023, the Plant's proportion was 11.30% an increase of 0.95% from the prior year.

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**NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)**

***PENSION LIABILITIES (ASSET), PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)***

For the year ended December 31, 2023, the Plant recognized pension expense of \$1,019,959. In addition, the Plant reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 84,606	\$ 606,678
Change of assumptions	512,972	1,037
Net difference between projected and actual earnings on pension plan investments	1,931,564	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	251,599	258,654
Contributions subsequent to the measurement date	677,816	--
Total	\$ 3,458,557	\$ 866,369

The amount reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as an increase or (decrease) in pension expense as follows:

<u>Year Ended December 31:</u>	
2024	\$ 119,329
2025	242,774
2026	565,479
2027	986,790
Total	\$ 1,914,372

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**NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)**

*ACTUARIAL ASSUMPTIONS*

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

Valuation date	January 1, 2023
Inflation	2.60%
Actuarial cost method	Entry age normal
Salary increases	2.50% for 10 years
Investment rate of return	6.50% (previously 6.75%)
Post-retirement cost-of-living adjustment	3.00% of first \$14,000

Mortality rates were based on the following:

- Pre-retirement and beneficiary mortality: RP-2014 Healthy Employee table adjusted to 2006 and projected generationally using scale MP-2020, gender distinct.
- Mortality for retired members: RP-2014 Healthy Annuitant table adjusted to 2006 and projected generationally using scale MP-2020, gender distinct.
- Mortality for disabled members: RP-2014 Healthy Annuitant table adjusted to 2006 and projected generationally using scale MP-2020, gender distinct, ages set forward 2 years. For members retired under Accidental Disability, 40% of deaths are assumed to be from the same cause as the disability.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of the most recent actuarial experience study.

*TARGET ALLOCATIONS*

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

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**NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)**

***TARGET ALLOCATIONS (CONTINUED)***

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Global equity:	32-42%	
U.S. equity		4.39%
International equity		4.19%
Emerging equity		6.82%
Core fixed income:	12-18%	
Core bonds		2.05%
Short term fixed income		1.17%
Treasury STRIPS		1.66%
TIPS/ILBs		1.46%
Value-added fixed income	5-11%	5.07%
Private equity	13-19%	7.41%
Real estate	7-13%	3.02%
Timberland	1-7%	4.29%
Portfolio Completion (PCS)	7-13%	3.80%
Total	<u>100.00%</u>	

***DISCOUNT RATE***

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**NOTE 16 - CONCORD CONTRIBUTORY RETIREMENT SYSTEM (CONTINUED)**

***SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE***

The following presents the Plant's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Plant's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current rate:

Year Ended	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
December 31, 2023	\$ 6,527,108	\$ 3,535,807	\$ 1,015,025

***PENSION PLAN FIDUCIARY NET POSITION***

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

**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The Plant pools contributions to an OPEB trust fund with the Town. See additional disclosures for the plan fiduciary net position in the Town's June 30, 2022 Annual Comprehensive Financial Report dated April 26, 2023.

All the following OPEB disclosures are based on a measurement date of June 30, 2023.

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**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

*GENERAL INFORMATION ABOUT THE OPEB PLAN*

*Plan Description*

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

*Benefits Provided*

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

*Funding Policy*

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

*Plan Membership*

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	26
Active employees	41
	<hr/>
Total	67
	<hr/> <hr/>

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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

*ACTUARIAL ASSUMPTIONS AND OTHER INPUTS*

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	4.00% ultimate rate, reduced to 3.50% while receiving the following step: 4.30% for seven years
Investment rate of return	7.00% per year net of investment expenses
Discount rate	6.75%
Healthcare cost trend rates	8.00% to 9.00%, fluctuating 0.50% annually, to an ultimate rate of 5.00%
Retirees' share of benefit-related costs	Range of 37.00% to 50.00%
Participation rate	65% of eligible employees. Medicare-eligible retirees as assumed to elect a Medicare plan option at age 65

Mortality rates were based on the following:

- Actives: The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Employees projected using generational mortality and scale MP-2020.
- Retirees: The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Healthy Retirees projected using generational mortality and scale MP-2020.
- Disabled: The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Healthy Retirees projected using generational mortality and scale MP-2020. Set forward 2 years.

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

*TARGET ALLOCATIONS*

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***TARGET ALLOCATIONS (CONTINUED)***

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic stock	60.20%	5.00%
Foreign stock	17.00%	5.60%
Domestic bond	12.50%	2.20%
Foreign bond	1.20%	2.40%
Convertible	0.20%	4.00%
Cash	3.80%	0.00%
Portfolio completion	5.10%	0.00%
Total	100.00%	

***CONTRIBUTIONS***

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

***DISCOUNT RATE***

The discount rate used to measure the net OPEB liability was 6.75% for the year ended June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

***NET OPEB LIABILITY***

The components of the net OPEB liability, measured as of June 30, 2023 were as follows:

Total OPEB liability	\$	3,122,093
Less: Plan fiduciary net position		(2,004,515)
Net OPEB liability	\$	1,117,578
Plan fiduciary net position as a percentage of the total OPEB liability		64.20%

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

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CONCORD MUNICIPAL LIGHT PLANT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***CHANGES IN THE NET OPEB LIABILITY***

The following summarizes the changes in the net OPEB liability for the year ending December 31, 2023:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, beginning of year	\$ 3,852,304	\$ 1,723,103	\$ 2,129,201
Changes for the year:			
Service cost	85,311	--	85,311
Interest	(687,288)	--	(687,288)
Contributions - employer	--	209,439	(209,439)
Net investment income	--	202,735	(202,735)
Differences between expected and actual experience	76,982	--	76,982
Changes in assumptions	(74,454)	--	(74,454)
Benefit payments	(130,762)	(130,762)	--
Net Changes	(730,211)	281,412	(1,011,623)
Balance, end of year	\$ 3,122,093	\$ 2,004,515	\$ 1,117,578

***SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE***

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

Years Ended	1% Decrease	Current Discount Rate	1% Increase
December 31, 2023	\$ 1,474,352	\$ 1,117,578	\$ 822,599

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES***

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

Years Ended	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
December 31, 2023	\$ 780,588	\$ 1,117,578	\$ 1,534,020

***OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED (INFLOWS) OF RESOURCES RELATED TO OPEB***

For the year ended December 31, 2023, the Plant recognized an OPEB expense of \$(59,903). At December 31, 2023, the Plant reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 103,243	\$ --
Change in assumptions	38,704	170,993
Difference between expected and actual experience	74,478	324,111
Changes in proportion and differences between contributions and proportionate share of contributions	472,920	1,113,283
Net difference between projected and actual OPEB investment earnings	--	909
Total	\$ 689,345	\$ 1,609,296

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED (INFLOWS) OF RESOURCES RELATED TO OPEB (CONTINUED)***

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as an increase or (decrease) in OPEB expense as follows:

Year Ended December 31:

2024	\$ (279,978)
2025	(326,281)
2026	(207,186)
2027	(211,477)
2028	1,005
Thereafter	<u>723</u>
Total	<u>\$ (1,023,194)</u>

**NOTE 18 - PARTICIPATION IN MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY**

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

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

The power purchase agreement with MMWEC for NYPA requires that each project participant pay its pro rata share of MMWEC's costs related to the Project in addition to its share of capacity, energy, transmission, and working capital funding.

The Plant is a 2.120% entitlement holder in the Massachusetts allocation of the NYPA firm and peaking energy. The contracts are for the life of the units and the 2023 average energy price under the NYPA contract was \$0.035417/kWh.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 19 - RETURN ON INVESTMENT TO TOWN OF CONCORD**

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

The particular method in arriving at an appropriate amount of this transfer is not prescribed by statute, but rather the Town’s specific amount has been derived from a formula worked out jointly by the Finance Department and the Plant and approved by the Town Manager. The formula is based upon the last full years kWh sales multiplied by \$0.00275.

**NOTE 20- COMMITMENTS AND CONTINGENCIES**

***OUTSTANDING LEGAL ISSUES***

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

**NOTE 21 - RENEWABLE ENERGY CERTIFICATES**

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 21 - RENEWABLE ENERGY CERTIFICATES (CONTINUED)**

Information regarding the Plant's calendar year ending December 31, 2023 REC holdings is as follows:

		Banked Certificates	Estimated Value
12/31/2023	MA Class I	77,758	\$ 3,048,665

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

Because there is no formal accounting guidance under GAAP for RECs and the Plant does not have a formal policy for the future disposition of RECs, the estimated fair value of the Plant's REC holdings at December 31, 2023 is not recognized as an asset in the financial statements.

**NOTE 22 - NEW PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (P3s and APAs), and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), effective for the Plant beginning in 2023. These statements establish new reporting disclosure requirements for P3s, APAs, and SBITAs. The implementation of these standards did not have a significant impact on the Plant.

**NOTE 23 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 21, 2024, which is the date the financial statements were available to be issued.

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

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
*(Unaudited)*

Concord Contributory Retirement System									
Fiscal Year	Measurement Date	Proportion of the		Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll		Plan Fiduciary Net Position Percentage of the Total Pension Liability	
		Net Pension Liability	Share of the Net Pension Liability			Percentage of Covered Payroll	Percentage of the Total Pension Liability		
December 31, 2023	December 31, 2022	11.30%		\$ 3,535,807	\$ 4,449,410	79.47%		86.75%	
December 31, 2022	December 31, 2021	10.35%		\$ (558,803)	\$ 4,104,812	-13.61%		102.36%	
December 31, 2021	December 31, 2020	10.10%		\$ 1,164,249	\$ 3,769,869	30.88%		94.59%	
December 31, 2020	December 31, 2019	12.72%		\$ 3,097,827	\$ 4,468,346	69.33%		88.35%	
December 31, 2019	December 31, 2018	10.10%		\$ 3,687,216	\$ 3,424,758	107.66%		81.34%	
December 31, 2018	December 31, 2017	6.34%		\$ 1,097,567	\$ 2,109,619	52.03%		90.58%	
December 31, 2017	December 31, 2016	8.20%		\$ 2,643,809	\$ 2,583,283	102.34%		81.85%	
December 31, 2016	December 31, 2015	9.04%		\$ 2,487,542	\$ 2,647,220	93.97%		80.73%	
December 31, 2015	December 31, 2014	10.57%		\$ 1,639,399	\$ 2,783,014	58.91%		88.04%	

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

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

*See independent auditors' report.*

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

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS  
(Unaudited)**

Concord Contributory Retirement System									
Fiscal Year	Measurement Date	Actuarially Determined Contribution		Contributions in Relation to the Actuarially Determined Contribution		Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll	
		Actuarially Determined Contribution	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution				
December 31, 2023	December 31, 2022	\$ 753,957	\$ 753,957	\$	\$	--	\$ 4,449,410	16.95%	
December 31, 2022	December 31, 2021	\$ 666,537	\$ 666,537	\$	\$	--	\$ 4,104,812	16.24%	
December 31, 2021	December 31, 2020	\$ 650,908	\$ 650,908	\$	\$	--	\$ 3,769,869	17.27%	
December 31, 2020	December 31, 2019	\$ 752,565	\$ 752,565	\$	\$	--	\$ 4,468,346	16.84%	
December 31, 2019	December 31, 2018	\$ 572,244	\$ 572,244	\$	\$	--	\$ 3,424,758	16.71%	
December 31, 2018	December 31, 2017	\$ 347,354	\$ 347,354	\$	\$	--	\$ 2,109,619	16.47%	
December 31, 2017	December 31, 2016	\$ 423,095	\$ 423,095	\$	\$	--	\$ 2,583,283	16.38%	
December 31, 2016	December 31, 2015	\$ 423,095	\$ 423,095	\$	\$	--	\$ 2,647,220	15.98%	
December 31, 2015	December 31, 2014	\$ 403,515	\$ 403,515	\$	\$	--	\$ 2,783,014	14.50%	

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

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

*See independent auditors' report.*

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

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY**

*(Unaudited)*

	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service cost	\$ 85,311	\$ 139,786	\$ 104,047	\$ 81,473	\$ 89,258	\$ 89,218
Interest	(687,288)	873,014	233,339	223,249	200,587	242,729
Changes of benefit terms	--	--	14,751	--	1,321	--
Differences between expected and actual experience	76,982	--	(541,134)	(387,025)	63,915	96,636
Changes of assumptions	(74,454)	--	(222,077)	119,168	--	164,896
Benefit payments, including refunds of member contributions	(130,762)	(190,002)	(144,276)	(122,900)	(146,101)	(129,591)
<b>Net Change in Total OPEB Liability</b>	<u>(730,211)</u>	<u>822,798</u>	<u>(555,350)</u>	<u>(86,035)</u>	<u>208,980</u>	<u>463,888</u>
<b>Total OPEB Liability - Beginning</b>	<u>3,852,304</u>	<u>3,029,506</u>	<u>3,584,856</u>	<u>3,670,891</u>	<u>3,461,911</u>	<u>2,998,023</u>
<b>Total OPEB Liability - Ending (A)</b>	<u>3,122,093</u>	<u>3,852,304</u>	<u>3,029,506</u>	<u>3,584,856</u>	<u>3,670,891</u>	<u>3,461,911</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	209,439	323,430	240,206	223,526	244,891	262,417
Net investment income (losses)	202,735	(359,317)	434,188	32,947	70,007	71,621
Benefit payments, including refunds of member contributions	(130,762)	(190,002)	(144,276)	(122,900)	(146,101)	(129,591)
<b>Net Change In Plan Fiduciary Net Position</b>	<u>281,412</u>	<u>(225,889)</u>	<u>530,118</u>	<u>133,573</u>	<u>168,797</u>	<u>204,447</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>1,723,103</u>	<u>1,948,992</u>	<u>1,418,874</u>	<u>1,285,301</u>	<u>1,116,504</u>	<u>912,057</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>2,004,515</u>	<u>1,723,103</u>	<u>1,948,992</u>	<u>1,418,874</u>	<u>1,285,301</u>	<u>1,116,504</u>
<b>Net OPEB Liability - Ending (A-B)</b>	<u>\$ 1,117,578</u>	<u>\$ 2,129,201</u>	<u>\$ 1,080,514</u>	<u>\$ 2,165,982</u>	<u>\$ 2,385,590</u>	<u>\$ 2,345,407</u>

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

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

*See independent auditors' report.*

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

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS**  
*(Unaudited)*

	2023	2022	2021	2020	2019	2018
<b>Schedule of Net OPEB Liability</b>						
Total OPEB liability	\$ 3,122,093	\$ 3,852,304	\$ 3,029,506	\$ 3,584,856	\$ 3,670,891	\$ 3,461,911
Plan fiduciary net position	2,004,515	1,723,103	1,948,992	1,418,874	1,285,301	1,116,504
Net OPEB liability	\$ 1,117,578	\$ 2,129,201	\$ 1,080,514	\$ 2,165,982	\$ 2,385,590	\$ 2,345,407
Plan fiduciary net position as a percentage of the total OPEB liability	64.20%	44.73%	64.33%	39.58%	35.01%	32.25%
Covered employee payroll	\$ 3,437,997	\$ 5,974,795	\$ 3,252,501	\$ 3,149,976	\$ 3,422,839	Unavailable
Participating employer net OPEB liability as a percentage of covered employee payroll	32.51%	35.64%	33.22%	68.76%	69.70%	Unavailable
	2023	2022	2021	2020	2019	2018
<b>Schedule of Contributions</b>						
Actuarially determined contribution	\$ 209,439	\$ 323,430	\$ 240,206	\$ 223,526	\$ 244,891	\$ 261,460
Contributions in relation to the actuarially determined contribution	209,439	323,430	240,206	223,526	244,891	262,417
Contribution (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ (957)
Covered employee payroll	\$ 3,437,997	\$ 5,974,795	\$ 3,252,501	\$ 3,149,976	\$ 3,422,839	Unavailable
Contributions as a percentage of covered employee payroll	6.09%	5.41%	7.39%	7.10%	7.15%	Unavailable
	2023	2022	2021	2020	2019	2018
<b>Schedule of Investment Returns</b>						
Annual money weighted rate of return, net of investment expense	13.30%	-12.64%	32.65%	2.91%	6.16%	7.24%

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

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

*See independent auditors' report.*

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

**SUPPLEMENTARY STATEMENT  
COMBINING STATEMENT OF NET POSITION**

**DECEMBER 31, 2023**

	2023				2022			
	Light Fund	Broadband Fund	Eliminations	Total	Light Fund	Broadband Fund	Eliminations	Total
<b>Assets</b>								
<b>Current Assets</b>								
Unrestricted cash and short-term investments	\$ 1,177,631	\$ 345,094	\$ --	\$ 1,522,725	\$ 1,645,673	\$ 263,755	\$ -	\$ 1,909,428
Accounts receivable, net of allowance for uncollectible	5,158,500	122,994	--	5,281,494	5,424,872	121,570	-	5,546,442
Prepaid expenses	4,272,675	24,337	--	4,297,012	3,085,113	60,713	-	3,145,826
Inventory	1,136,584	168,690	--	1,305,274	1,121,388	170,207	-	1,291,595
Leases receivable	14,626	50,696	--	65,322	28,789	47,767	-	76,556
Other current assets	(4,229)	4,229	--	--	60,171	2,683	-	62,854
<b>Total Current Assets</b>	11,755,787	716,040	--	12,471,827	11,366,006	666,695	-	12,032,701
<b>Noncurrent Assets</b>								
Restricted cash	15,487,561	5,360	--	15,492,921	13,542,190	5,387	-	13,547,577
Investment in associated companies	782,056	--	--	782,056	782,056	-	-	782,056
Due from Broadband	1,750,000	--	(1,750,000)	--	1,825,000	-	(1,825,000)	-
Leases receivable, net of current portion	--	253,187	--	253,187	1,108	272,461	-	273,569
Net pension asset	--	--	--	--	480,850	77,953	-	558,803
Capital assets:								
Land and construction in progress	2,352,468	2,102	--	2,354,570	2,608,878	28,402	-	2,637,280
Other capital assets, net of accumulated depreciation	33,827,225	2,646,767	--	36,473,992	32,915,697	2,507,178	-	35,422,875
<b>Total Noncurrent Assets</b>	54,199,310	2,907,416	(1,750,000)	55,356,726	52,155,779	2,891,381	(1,825,000)	53,222,160
<b>Total Assets</b>	65,955,097	3,623,456	(1,750,000)	67,828,553	63,521,785	3,558,076	(1,825,000)	65,254,861
<b>Deferred Outflows of Resources</b>								
Related to pension	2,976,089	482,468	--	3,458,557	1,719,401	278,741	-	1,998,142
Related to OPEB	556,144	133,201	--	689,345	763,704	171,813	-	935,517
<b>Total Deferred Outflows of Resources</b>	3,532,233	615,669	--	4,147,902	2,483,105	450,554	-	2,933,659

*See independent auditors' report.*

**TOWN OF CONCORD, MASSACHUSETTS  
CONCORD MUNICIPAL LIGHT PLANT  
SUPPLEMENTARY STATEMENT  
COMBINING STATEMENT OF NET POSITION (CONTINUED)**

**DECEMBER 31, 2023**

	2023			2022				
	Light Fund	Broadband Fund	Eliminations	Total	Light Fund	Broadband Fund	Eliminations	Total
<b>Liabilities</b>								
<b>Current Liabilities</b>								
Accounts payable	5,570,251	(10,601)	--	5,559,650	5,909,340	75,715	-	5,985,055
Accrued liabilities	271,165	37,946	--	309,111	249,126	33,134	-	282,260
Customer deposits	710,707	--	--	710,707	585,035	-	-	585,035
Customer advances for construction	373,133	5,360	--	378,493	250,535	5,387	-	255,922
Unearned revenue	4,385,436	31,550	--	4,416,986	3,880,316	29,540	-	3,909,856
Current portion of long-term liabilities:								
Bonds payable	561,476	62,015	--	623,491	561,026	59,015	-	620,041
Compensated absences	9,372	662	--	10,034	8,550	748	-	9,298
<b>Total Current Liabilities</b>	<b>11,881,540</b>	<b>126,932</b>	<b>--</b>	<b>12,008,472</b>	<b>11,443,928</b>	<b>203,539</b>	<b>-</b>	<b>11,647,467</b>
<b>Noncurrent Liabilities</b>								
Due to Light	--	1,750,000	(1,750,000)	--	-	1,825,000	(1,825,000)	-
Bonds payable, net of current portion	1,346,197	296,814	--	1,643,011	1,907,673	358,828	-	2,266,501
Net pension liability	3,042,562	493,245	--	3,535,807	-	-	-	-
Net OPEB liability	1,013,326	104,252	--	1,117,578	1,939,470	189,731	-	2,129,201
Compensated absences, net of current portion	178,074	12,574	--	190,648	162,441	14,214	-	176,655
<b>Total Noncurrent Liabilities</b>	<b>5,580,159</b>	<b>2,656,885</b>	<b>(1,750,000)</b>	<b>6,487,044</b>	<b>4,009,584</b>	<b>2,387,773</b>	<b>(1,825,000)</b>	<b>4,572,357</b>
<b>Total Liabilities</b>	<b>17,461,699</b>	<b>2,783,817</b>	<b>(1,750,000)</b>	<b>18,495,516</b>	<b>15,453,512</b>	<b>2,591,312</b>	<b>(1,825,000)</b>	<b>16,219,824</b>
<b>Deferred Inflows of Resources</b>								
Related to pension	745,511	120,858	--	866,369	2,717,823	440,600	-	3,158,423
Related to OPEB	1,482,100	127,196	--	1,609,296	1,065,938	83,991	-	1,149,929
Related to leases	14,626	303,883	--	318,509	29,897	320,228	-	350,125
<b>Total Deferred Inflows of Resources</b>	<b>2,242,237</b>	<b>551,937</b>	<b>--</b>	<b>2,794,174</b>	<b>3,813,658</b>	<b>844,819</b>	<b>-</b>	<b>4,658,477</b>
<b>Net Position</b>								
Net investment in capital assets	34,272,020	2,290,041	--	36,562,061	33,055,875	2,117,736	-	35,173,611
Restricted for depreciation fund	7,000,140	--	--	7,000,140	7,488,870	-	-	7,488,870
Unrestricted	8,511,234	(1,386,670)	--	7,124,564	6,192,975	(1,545,237)	-	4,647,738
<b>Total Net Position</b>	<b>\$ 49,783,394</b>	<b>\$ 903,371</b>	<b>\$ --</b>	<b>\$ 50,686,765</b>	<b>\$ 46,737,720</b>	<b>\$ 572,499</b>	<b>\$ --</b>	<b>\$ 47,310,219</b>

*See independent auditors' report.*

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

**SUPPLEMENTARY STATEMENT  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023			2022		
	Light Fund	Broadband Fund	Total	Light Fund	Broadband Fund	Total
<b>Operating Revenues</b>						
Electric sales	\$ 30,340,785	\$ 238,848	\$ 30,579,633	\$ 32,309,501	\$ -	\$ 32,309,501
Internet sales	--	1,311,012	1,311,012	-	1,437,923	1,437,923
Rate refund	(496,211)	--	(496,211)	(1,748,735)	-	(1,748,735)
Underground surcharge	507,667	--	507,667	528,024	-	528,024
Renewable energy certificate revenue	3,274,006	--	3,274,006	3,373,115	-	3,373,115
Other operating revenue	101,574	18,863	120,437	99,881	26,495	126,376
<b>Total Operating Revenues</b>	<u>33,727,821</u>	<u>1,568,723</u>	<u>35,296,544</u>	<u>34,561,786</u>	<u>1,464,418</u>	<u>36,026,204</u>
<b>Operating Expenses</b>						
Purchase power	21,479,653	213,459	21,693,112	24,607,545	215,362	24,822,907
Salaries and benefits	3,292,305	654,508	3,946,813	2,918,271	611,322	3,529,593
Other operating expenses	1,247,327	165,456	1,412,783	1,263,117	182,749	1,445,866
Depreciation	1,980,640	88,788	2,069,428	1,966,674	84,720	2,051,394
Customer accounts	1,729,635	27,010	1,756,645	1,477,952	28,208	1,506,160
Distribution	1,419,945	168,184	1,588,129	1,030,185	156,962	1,187,147
Transmission	99,220	--	99,220	83,854	-	83,854
<b>Total Operating Expenses</b>	<u>31,248,725</u>	<u>1,317,405</u>	<u>32,566,130</u>	<u>33,347,598</u>	<u>1,279,323</u>	<u>34,626,921</u>
Operating Income	2,479,096	251,318	2,730,414	1,214,188	185,095	1,399,283
<b>Nonoperating Revenues (Expenses)</b>						
Interest income	727,342	--	727,342	187,469	-	187,469
Interest expense	(79,621)	(16,358)	(95,979)	(95,102)	(18,863)	(113,965)
Loss on disposal of capital assets	(42,258)	(236)	(42,494)	(58,960)	(240)	(59,200)
Other expenses	(44,095)	(15,020)	(59,115)	(43,028)	(28,100)	(71,128)
Other revenues	382,710	111,168	493,878	319,728	111,231	430,959
<b>Total Nonoperating Revenues (Expenses), Net</b>	<u>944,078</u>	<u>79,554</u>	<u>1,023,632</u>	<u>310,107</u>	<u>64,028</u>	<u>374,135</u>
<b>Income Before Transfers</b>	3,423,174	330,872	3,754,046	1,524,295	249,123	1,773,418
<b>Return on investment - Transfer to Town of Concord</b>	<u>(377,500)</u>	<u>--</u>	<u>(377,500)</u>	<u>(296,000)</u>	<u>-</u>	<u>(296,000)</u>
<b>Change in Net Position</b>	3,045,674	330,872	3,376,546	1,228,295	249,123	1,477,418
<b>Net Position - Beginning of Year</b>	<u>46,737,720</u>	<u>572,499</u>	<u>47,310,219</u>	<u>45,509,425</u>	<u>323,376</u>	<u>45,832,801</u>
<b>Net Position - End of Year</b>	<u>\$ 49,783,394</u>	<u>\$ 903,371</u>	<u>\$ 50,686,765</u>	<u>\$ 46,737,720</u>	<u>\$ 572,499</u>	<u>\$ 47,310,219</u>

*See independent auditors' report.*

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

**SUPPLEMENTARY STATEMENT  
COMBINING STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023				2022			
	Light Fund	Broadband Fund	Eliminations	Total	Light Fund	Broadband Fund	Eliminations	Total
<b>Cash Flows From Operating Activities</b>								
Receipts from customers and users	\$ 34,624,985	\$ 1,569,309	\$ --	\$ 36,194,294	\$ 34,566,312	\$ 1,452,517	\$ --	\$ 36,018,829
Payments to vendors and employees	(30,656,849)	(1,231,459)	--	(31,888,308)	(32,213,084)	(1,223,291)	--	(33,436,375)
<b>Net Cash Provided By Operating Activities</b>	3,968,136	337,850	--	4,305,986	2,353,228	229,226	--	2,582,454
<b>Cash Flows From Noncapital Financing Activities</b>								
Return on investment to Town of Concord	(377,500)	--	--	(377,500)	(296,000)	--	--	(296,000)
Other expenses	(44,095)	(15,021)	--	(59,116)	(43,028)	(28,100)	--	(71,128)
Other revenues	396,083	102,153	--	498,236	223,788	102,217	--	326,005
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	(25,512)	87,132	--	61,620	(115,240)	74,117	--	(41,123)
<b>Cash Flows From Capital and Related Financing Activities</b>								
Acquisition and construction of capital assets	(2,678,016)	(202,312)	--	(2,880,328)	(919,986)	(165,014)	--	(1,085,000)
Principal payments on bonds	(510,000)	(50,000)	--	(560,000)	(519,000)	(51,000)	--	(570,000)
Proceeds from loans	75,000	--	(75,000)	--	75,000	(75,000)	(75,000)	75,000
Principal payments on loans	--	(75,000)	75,000	--	--	(75,000)	75,000	(75,000)
Interest expense	(79,621)	(16,358)	--	(95,979)	(95,102)	(18,863)	--	(113,965)
<b>Net Cash (Used For) Capital and Related Financing Activities</b>	(3,192,637)	(343,670)	--	(3,536,307)	(1,459,088)	(309,877)	--	(1,768,965)
<b>Cash Flows From Investing Activities</b>								
Investment income	727,342	--	--	727,342	187,469	--	--	187,469
<b>Net Cash Provided By Investing Activities</b>	727,342	--	--	727,342	187,469	--	--	187,469
<b>Net Change in Cash and Short-Term Investments</b>	1,477,329	81,312	--	1,558,641	966,369	(6,534)	--	959,835
<b>Cash and Short Term Investments, Beginning of Year</b>	15,187,863	269,142	--	15,457,005	14,221,494	275,676	--	14,497,170
<b>Cash and Short Term Investments, End of Year</b>	\$ 16,665,192	\$ 350,454	\$ --	\$ 17,015,646	\$ 15,187,863	\$ 269,142	\$ --	\$ 15,457,005

*See independent auditors' report.*

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

**SUPPLEMENTARY STATEMENT  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023				2022			
	Broadband		Eliminations	Total	Broadband		Eliminations	Total
	Light Fund	Fund			Light Fund	Fund		
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>								
Operating income	\$ 2,479,096	\$ 251,318	\$ --	\$ 2,730,414	\$ 1,214,188	\$ 185,095	\$ --	\$ 1,399,283
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation	1,980,640	88,788	--	2,069,428	1,966,674	84,720	--	2,051,394
Changes in assets, liabilities, and deferred outflows/inflows:								
Accounts receivable	266,372	(1,424)	--	264,948	(1,733,813)	(16,129)	--	(1,749,942)
Prepaid expenses	(1,017,234)	36,376	--	(980,858)	(1,164,032)	(49,185)	--	(1,213,217)
Inventory	(15,196)	1,517	--	(13,679)	(14,736)	(18,549)	--	(33,285)
Other assets	--	(1,546)	--	(1,546)	--	1,016	--	1,016
Net pension asset and related deferrals	--	--	--	--	(582,799)	(94,454)	--	(677,253)
Accounts payable	(509,416)	(86,316)	--	(595,732)	447,970	43,413	--	491,383
Accrued liabilities	22,040	4,813	--	26,853	37,452	(11,673)	--	25,779
Customer advances for construction	122,597	(27)	--	122,570	180,237	3,526	--	183,763
Unearned revenue	505,119	2,010	--	507,129	1,759,684	4,228	--	1,763,912
Net pension liability and related deferrals	294,412	47,729	--	342,141	--	--	--	--
Net OPEB liability and related deferrals	(302,422)	(3,662)	--	(306,084)	292,873	118,680	--	411,553
Other liabilities	142,128	(1,726)	--	140,402	(50,470)	(21,462)	--	(71,932)
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 3,968,136</b>	<b>\$ 337,850</b>	<b>\$ --</b>	<b>\$ 4,305,986</b>	<b>\$ 2,353,228</b>	<b>\$ 229,226</b>	<b>\$ --</b>	<b>\$ 2,582,454</b>

*See independent auditors' report.*



**Town of Concord**  
**Financial Audit Advisory Committee**  
AGENDA ACTION REQUEST  
November 06, 2024

**6**

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## Other Business

Set date for next meeting, other new business

**Requested by: FAAC Chair**

**Action Sought: Schedule Meeting**

### Proposed Motion(s)

### Additional Information

### Board Action

<i>Motion</i>	<i>Second</i>	<i>In favor</i>	<i>Opposed</i>	<i>Disposition</i>