

**WEST BOYLSTON MUNICIPAL LIGHTING PLANT
AND SUBSIDIARY**
Financial Statements
December 31, 2011 and 2010

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
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Goulet, Salvidio & Associates, P.C.

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
West Boylston Municipal Lighting Plant
West Boylston, Massachusetts 01583

We have audited the accompanying consolidated statements of net assets of West Boylston, Massachusetts, Municipal Lighting Plant and subsidiary as of December 31, 2011 and 2010, and the related consolidated statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the West Boylston, Massachusetts, Municipal Lighting Plant's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the West Boylston Municipal Lighting Plant and do not purport to, and do not, present fairly the financial position of Town of West Boylston, Massachusetts, as of December 31, 2011 and December 31, 2010, and the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Boylston Municipal Lighting Plant as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages two through five is not a required part of the basic financial statements but is supplementary information. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts
June 20, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The West Boylston Municipal Lighting Plant ("Lighting Plant") is engaged in purchasing reliable and cost effective electricity, operating and maintaining its electrical distribution system, and reselling electricity to the residents and businesses in West Boylston, Massachusetts. This section of the Lighting Plant's annual financial report presents our discussion and analysis of the financial performance for the year as well as our financial position.

Overview of the Financial Statements

The basic financial statements include the Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets, Statements of Cash Flows, and Notes to the Financial Statements.

The Statements of Net Assets are designed to indicate our financial position as of a specific point in time. At December 31, 2011, it shows our net worth has increased by 4.3% over the year ended December 31, 2010.

The Statements of Revenues, Expenses and Changes in Net Assets summarize our operating results and reveal how much of a profit was earned for the years presented. As discussed in more detail on the following page, our income for December 31, 2011 was \$279,390 and \$281,230 for 2010, respectively. Per Massachusetts General Laws, the Lighting Plant must set its rates to yield not more than 8% per annum based on the cost of plant. Our rate of return was 3.2% and 3.3% for the years ended December 31, 2011 and 2010, respectively.

The Statements of Cash Flows provide information about the cash receipts and cash payments during the accounting period. The statement also provides information about the investing and financing activities for the same period.

Summary of Net Assets

	<u>2011</u>	<u>2010</u>
Current Assets	\$ 4,471,892	\$ 4,112,659
Noncurrent Assets	<u>10,171,127</u>	<u>9,757,426</u>
Total Assets	<u>\$ 14,643,019</u>	<u>\$ 13,870,085</u>
Current Liabilities	\$ 1,869,959	\$ 1,475,220
Noncurrent Liabilities	<u>6,077,830</u>	<u>5,979,025</u>
Total Liabilities	<u>7,947,789</u>	<u>7,454,245</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	2,159,228	2,175,777
Unrestricted	<u>4,536,002</u>	<u>4,240,063</u>
Total Net Assets	<u>6,695,230</u>	<u>6,415,840</u>
Total Liabilities and Net Assets	<u>\$ 14,643,019</u>	<u>\$ 13,870,085</u>

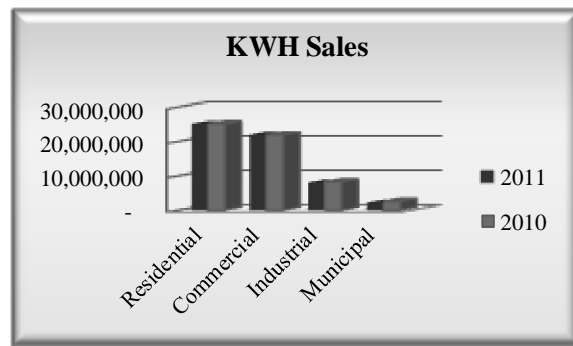
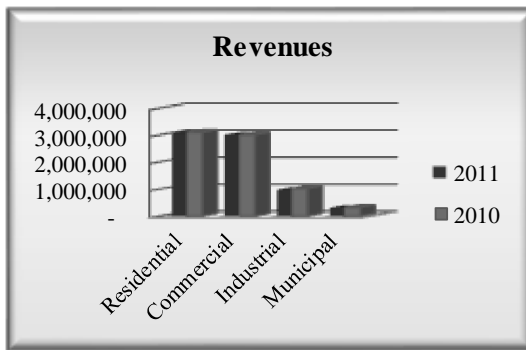
Summary of Changes in Net Assets

	2011	2010
Operating Revenues	\$ 7,711,957	\$ 7,560,223
Operating Expenses	7,520,044	7,388,010
Operating Income (Loss)	191,913	172,213
Non-operating Revenues (Expenses)	87,477	109,017
Income Before Contributions and Transfers	279,390	281,230
Beginning Net Assets	6,415,840	6,134,610
Ending Net Assets	\$ 6,695,230	\$ 6,415,840

Financial Highlights

Kilowatt Hour Sales

The following charts represent total kilowatt-hour sales and total revenues by account class for 2011 and 2010.



Power Supply

The West Boylston Lighting Plant provides power for its customers through both long-term fixed power contracts and the open market power supply in an effort to stabilize power costs. Purchased power costs are the costs associated with buying energy and having it delivered to the residents and businesses in the Town of West Boylston. There are circumstances that will make prices fluctuate, such as extended periods of time with above or below normal temperatures, unexpected power plant shut downs for unforeseen repair, and fuel prices being affected by global issues. Working with electric power supply experts we continue to try to position ourselves to best manage the impact that adverse weather, and market economic conditions have on the rates of its customers so that these situations will not be an overbearing burden on our customers.

Power Supply (Continued):

West Boylston Municipal Lighting Plant is a participant in the Berkshire Wind Project, which is a cooperative, formed of 14 municipal electric systems and the Massachusetts Municipal Wholesale Electric Company (MMWEC). The construction of this ten turbine wind site was installed in November 2010 and began fully operational in February 2011. The 14 municipal owners proportionally share the financing, operating costs, and generated output.

WBMLP through its relationship with MMLD Wind Energy Cooperative Corporation has also developed an approximately 370 kilowatt, 1,760 panel solar site at the corner of Paul X. Tivnan Drive and Shrewsbury Street. This is estimated to generate enough electricity to serve 55 to 65 average-use homes per year. Alternative and renewable energy sources are not less expensive energy sources, however, the two projects along with the Oakdale hydro project are lessening the Department's dependency on fossil fuel fired generation. As a result of this investment in alternative and renewable energy, our power supply minimizes greenhouse gas emissions. The Wind and Solar projects have a fixed cost for power throughout the life of the equipment as pricing is not determined by fluctuations in gas and oil prices. These "green energy" projects are not going to produce an immediate reduction in the ratepayers bills. They will however reduce the need to purchase higher priced power during peak usage times of the year.

Utility Plant and Debt Administration

Utility Plant

The Lighting Plant and Cooperative's investment in utility plant assets, net of accumulated depreciation, as of December 31, 2011 and 2010 was \$3,189,257 and \$3,274,475, respectively. Plant and equipment replacement is part of an on-going capital improvement plan to keep the Lighting Plant in good operating condition.

Debt Administration and Commitments

The Lighting Plant remains a vertically integrated utility, as do all Municipal Light Departments in Massachusetts. This means that we are allowed under the Massachusetts Utility Restructuring Laws to retain our ownership and control over our electrical generation assets. Investor owned utilities, such as Massachusetts Electric Company, have been required to sell their generation assets as a result of the same restructuring laws.

The generation assets, which we have a long term vested ownership in, along with the other municipal electrical systems in New England, are financed through municipal bonds.

In an effort to ensure stable costs for electricity in future years the Lighting Plant worked with the Massachusetts Municipal Wholesale Electric Company on a variable-rate bond refinancing in 2001 and again in 2011. This refinancing is expected to save the Lighting Plant approximately \$1.4 million in interest over the life of the bonds.

Significant Balances and Transactions

Purchased Power Working Capital

The purchased power working capital is an amount held by Massachusetts Municipal Wholesale Electric Company (MMWEC), our power supply agent. MMWEC requires that they hold a set amount of capital (minimum of two months) from which it may pay our power supply obligations when they are due to ISO-NE. They replenish the fund as needed from our monthly invoice payments. Currently our power costs are approximately \$450,000 per month.

Depreciation Fund

The West Boylston Municipal Lighting Plant maintains a depreciation fund, which is managed by the Town of West Boylston Treasurer. This fund is used to pay for large capital investments such as new vehicles, distribution system upgrades, and new construction projects. This fund is required by State statute. We set aside 5% in 2011 and 2010 of our cost of plant to be used for capital improvements and additions.

In 2011 and 2010, we added \$332,727 and \$324,636 for future acquisitions. All interest on this fund is added to the fund balance and remains in this account.

Rate Stabilization Fund

The rate stabilization fund was created as an aftermath of deregulation. These funds are for unexpected escalation in costs, such as the ^(a) decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices, and transmission cost increases beyond our control. We will also use this fund to help us maintain our competitive position when the investor-owned utilities are no longer collecting their ^(b) “stranded costs” several years down the line. Our rate stabilization reserve balance at December 31, 2011 and 2010 was \$3,223,969 and \$2,844,104, respectively.

- (a) Decommissioning of a nuclear power plant means the complete removal of any trace of that power plant. In the case of the Seabrook Power Plant, that area has to be returned to a salt marsh. Decommissioning costs are being collected as the plants operate so that at the scheduled end of term of operation, there will be monies to decommission the plant. If for some reason the plant is shut down early, funds have to be made available to decommission at that time.
- (b) “Stranded costs” refer to long-term debt or contractual obligations previously incurred that are higher than the new market costs. The investor-owned utilities were required to sell their generation assets as a condition to recover their stranded costs. The proceeds from the sales were used to pay off some of their costs. In place of owning generation assets, we have long-term power contracts with long-term payment obligations.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF NET ASSETS
DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
CURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Operating Cash	\$ 2,009,435	\$ 1,863,903
Petty Cash	1,800	1,800
Customer Accounts Receivable, Net	187,773	120,210
Accounts Receivable - Other	226,441	110,836
Interest Receivable	3,093	4,737
Unbilled Revenue	645,910	702,031
Materials and Supplies	309,150	251,026
Prepaid Expenses	73,614	81,197
Prepaid Purchased Power	86,564	59,694
Purchased Power Working Capital	928,112	917,225
TOTAL CURRENT ASSETS	4,471,892	4,112,659
NONCURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Customer Deposits	135,260	138,490
Depreciation Fund	2,837,467	2,488,682
Insurance Reserve Fund	627,852	848,089
Investments	7,488	9,133
Preliminary Survey and Investigation Charges	82,845	82,845
Rate Stabilization Fund	3,223,969	2,844,104
Deferred Financing Costs, Net	66,989	71,608
Utility Plant Assets, Net	3,189,257	3,274,475
TOTAL NONCURRENT ASSETS	10,171,127	9,757,426
TOTAL ASSETS	\$ 14,643,019	\$ 13,870,085

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF NET ASSETS
DECEMBER 31, 2011 AND 2010

LIABILITIES

	2011	2010
CURRENT LIABILITIES:		
Accounts Payable	\$ 505,246	\$ 669,061
Accounts Payable - MMWEC	1,886	7,890
Accrued Expenses	136,517	132,313
Current Portion of Long-Term Debt	68,669	68,669
Miscellaneous Deferred Liabilities	1,157,641	597,287
	1,869,959	1,475,220
NONCURRENT LIABILITIES:		
Customer Deposits	135,260	138,490
Other Post Employment Benefit Obligation	588,620	447,780
Reserve for Rate Stabilization	3,764,738	3,734,874
Accumulated Provision for Insurance	627,852	627,852
Long-Term Debt, Less Current Portion	961,360	1,030,029
	6,077,830	5,979,025
	7,947,789	7,454,245

NET ASSETS

Invested in Capital Assets, Net of Related Debt	2,159,228	2,175,777
Unrestricted	4,536,002	4,240,063
	6,695,230	6,415,840
TOTAL LIABILITIES AND NET ASSETS	\$ 14,643,019	\$ 13,870,085

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
OPERATING REVENUES:		
Sales of Electricity	\$ 7,322,230	\$ 7,413,463
Other Operating Revenues	389,727	146,760
TOTAL OPERATING REVENUES	7,711,957	7,560,223
OPERATING EXPENSES:		
Operations and Maintenance	7,113,140	7,051,457
Depreciation	406,904	336,553
TOTAL OPERATING EXPENSES	7,520,044	7,388,010
OPERATING INCOME	191,913	172,213
NONOPERATING REVENUES (EXPENSES):		
Investment Income	71,837	76,185
Dividend Income	1,978	1,786
Interest Expense	(22,790)	(7,593)
Disaster Recovery Income	57,705	40,540
Disaster Recovery Expenses	(16,634)	0
Interest Income	0	440
Amortization of Debt Expense	(4,619)	(2,341)
TOTAL NONOPERATING REVENUES (EXPENSES)	87,477	109,017
Income Before Contributions and Transfers	279,390	281,230
NET ASSETS - JANUARY 1	6,415,840	6,134,610
NET ASSETS - DECEMBER 31	\$ 6,695,230	\$ 6,415,840

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 7,609,487	\$ 7,741,318
Other Operating Cash Receipts - Solar Renewable Energy Credits	149,567	0
Cash Paid to Suppliers	(5,877,739)	(5,530,044)
Cash Paid to Employees	(749,359)	(725,833)
Cash Paid for Benefits	(205,012)	(218,875)
	926,944	1,266,566
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net Disaster Recovery Revenue (Costs)	(16,634)	40,540
Interest Expense	(511)	(3,637)
	(17,145)	36,903
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Sale of Assets	0	2,678
Additions to Plant Assets	(261,685)	(2,217,599)
Debt Issuance Costs	0	(73,949)
Repayments on Long Term Debt	(68,669)	(68,669)
Interest Expense	(22,279)	(3,956)
Proceeds from Issuance of Long Term Debt	0	1,167,367
	(352,633)	(1,194,128)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Income	71,837	76,185
Dividend Income	1,978	1,786
Rate Stabilization Reserve	29,864	26,847
Purchase of Investments	(2,477,000)	(1,878,927)
Proceeds from Sales and Maturities of Investments	1,872,286	1,523,709
Interest Received	0	440
	(501,035)	(249,960)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	56,131	(140,619)
CASH AND CASH EQUIVALENTS - JANUARY 1	6,823,764	6,964,383
CASH AND CASH EQUIVALENTS - DECEMBER 31	\$ 6,879,895	\$ 6,823,764

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 191,913	\$ 172,213
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	406,904	336,553
Loss on Disposition of Investments	2,529	0
(Increase) Decrease in Assets:		
Accounts Receivable - Customers	59,335	74,324
Accounts Receivable - Other	(184,798)	(81,225)
Unbilled Revenue	56,121	164,394
Materials and Supplies	(58,124)	(35,011)
Prepaid Expenses	7,583	(26,256)
Prepaid Purchased Power	(26,870)	1,266
Increase (Decrease) in Liabilities:		
Accounts Payable	(223,816)	117,572
Accounts Payable - MMWEC	(6,004)	7,890
Accrued Expenses	4,206	(20,008)
Miscellaneous Deferred Liabilities	560,354	424,969
Customer Deposits	(3,229)	3,643
Other Post Employment Benefits	140,840	126,242
Net Cash Provided by (Used In) Operating Activities	\$ 926,944	\$ 1,266,566

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

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

	2011	2010
Petty Cash	\$ 1,800	\$ 1,800
Operating Cash	2,009,435	1,863,903
Rate Stabilization Fund	3,223,969	2,844,104
Customer Deposits	135,260	138,490
Insurance Reserve Fund	581,319	848,089
Depreciation Fund	0	210,153
Working Capital	928,112	917,225
	\$ 6,879,895	\$ 6,823,764

See Accompanying Notes To Financial Statements

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of West Boylston Municipal Lighting Plant are as follows:

Reporting Entity

The West Boylston Municipal Lighting Plant was established by a vote of the taxpayers in 1909 and is a component unit of the Town of West Boylston, Massachusetts. A Board of Commissioners manages the Lighting Plant, which is an elected Town Board. The authority for the management and operation of the Municipal Lighting Plant is set forth in c. 164 of the Massachusetts General Laws. The Board of Commissioners appoints a manager of the Lighting Plant who has full charge of the operation and management of the Lighting Plant. The Lighting Plant purchases power from various sources and sells it to the ultimate consumer at rates submitted to the Massachusetts Department of Public Utilities (DPU).

Regulation and Basis of Accounting

The Lighting Plant complies with Generally Accepted Accounting Principles (GAAP). The Lighting Plant applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Accounting Standards Codification (ASC) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The Lighting Plant uses the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Under Massachusetts's law, electric rates of the Lighting Plant are set by the Municipal Lighting Board and may be changed not more than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities. While the DPU exercises general supervisory authority over the Lighting Plant, the Lighting Plant's rates are not subject to DPU approval.

Depreciation

The general laws of Massachusetts allow utility plant in service to be depreciated at an annual rate of three percent. In order to change this rate, approval must be obtained from the Department of Public Utilities. Changes in annual depreciation rates may be made for financial factors relating to cash flow rather than for engineering factors relating to estimates of useful lives. The Lighting Plant used a depreciation rate of 5% for both 2011 and 2010.

The Lighting Plant charges maintenance and repairs to operations when incurred. Replacements and betterments are charged to utility plant.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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

Revenues

Revenues from sales of electricity are recorded on the basis of bills rendered from monthly readings taken on a cycle basis. The revenues are based on rates established by the Lighting Plant, which are applied to customers' consumption of electricity. The Lighting Plant's rates contain an adjustable component pursuant to which increased power costs (power costs in excess of amounts recovered through base rates) are billable to customers. The Lighting Plant has a fuel cost adjustment clause pursuant to which increased fuel costs (fuel costs in excess of amounts recovered through base rates) are billable to customers.

Operating revenue includes revenues and expenses related to the continuing operations of the Department. Principal operating revenues are charges to customers for sales of electricity or services. Operating expenses are the costs of providing electricity and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Taxes

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

Reclassification

Certain prior year amounts, with no effect on previously stated net income, have been reclassified to conform to the 2011 presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Lighting Plant considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Town of West Boylston maintains and controls major cash and investment pools in which the primary government and component units share.

Materials and Supplies

Materials and supplies are valued using the average cost method.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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

Compensated Absences

In accordance with the Lighting Plant policies, employees are allowed to accumulate sick days, up to a maximum of 60 days. Upon termination and after 10 years of service of employment with the Lighting Plant, the employee will be paid a maximum of 30 days of accumulated sick time. Non-bargaining employees are eligible to carry over 5 days of vacation time from one year to the next. Other employees are not permitted to carry over vacation time from one year to the next. Upon termination of employment with the Lighting Plant, the employee will be paid for unused vacation time based on the employee's base rate of pay at the time of termination.

Sales Tax

The Department collects sales tax. The amount received is credited to a liability account and as payments are made, this account is charged. At any point in time, this account represents the net amount owed to the taxing authority for amounts collected but not yet remitted.

NOTE 2 - CASH AND INVESTMENTS:

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

A cash and investment pool is maintained and available for use of the depreciation fund, customer deposit and insurance reserve funds.

The Plant is invested in obligations of the government bonds, certificates of deposit, money market accounts and bank deposits. Since these investments are held to maturity they are recorded at cost or amortized cost.

Concentration of Credit Risk

The Lighting Plant's deposits with the Town Treasurer are commingled and invested with deposits from other Town funds. Accordingly, it is not practical to disclose the related bank balance and credit risk of such cash deposits for the Lighting Plant. Funds on deposit with financial institutions are subject to the insurance coverage limits imposed by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits and Investments

In the event of a failure by the counterparty, the Plant would not be able to recover the value of its investments.

Interest Rate Risk

The Plant invests in term securities out to a maximum of five years to help limit the amount of exposure to fair value losses.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 2 - CASH AND INVESTMENTS (Continued):

As of December 31, 2011 and 2010, the Lighting Plant had the following investments and maturities:

	<u>Ratings as of Year End</u>	<u>2011 Fair Value</u>	<u>2011 Under 1 Year</u>	<u>2011 1-5 Years</u>	<u>2010 Fair Value</u>
<u>Term Securities</u>					
Certificates of Deposit	Exempt	\$2,884,000	\$1,692,000	\$1,192,000	\$1,776,000
<u>Debt Securities</u>					
Government Bonds		0	0	0	502,529
<u>Other Investments</u>					
Cash Balance		239			1,258
Money Market Funds		<u>541,361</u>			<u>765,563</u>
Total Investments		<u>\$ 3,425,600</u>			<u>\$ 3,045,350</u>

Gain (Loss) on Investments

	<u>2011</u>	<u>2010</u>
Realized Gain (Loss) on Investments	\$ (2,529)	\$ (4,699)
Unrealized Gain (Loss) on Investments	<u>0</u>	<u>4,899</u>
Gain (Loss) on Investments	<u>\$ (2,529)</u>	<u>\$ 200</u>

The gross unrealized holdings gains (losses) on certificates of deposit were \$0 and (\$2,117), and \$0 and \$7,016 on government bonds as of December 31, 2011 and 2010, respectively.

Investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5% or more of total investments are as follows:

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
Ally Bank	\$ 200,000	6%
GE Capital Financial Inc.	200,000	6%
Bank of China	200,000	6%
Apple Bank for Savings	200,000	6%
GE Money Bank	200,000	6%
BMW Bank of North America	200,000	6%
North American Savings Bank	<u>200,000</u>	6%
Total	<u>\$ 1,400,000</u>	

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2011 AND 2010

NOTE 3 - UNBILLED REVENUE:

Revenues from sale of electricity are recorded on the basis of bills rendered from monthly readings taken on a cycle basis throughout the month. In order to reflect revenues in the proper period, the estimated amount of revenue applicable to unbilled usage has been recorded.

NOTE 4 - ACCOUNTS RECEIVABLE - CUSTOMERS:

The Lighting Plant carries its accounts receivable at cost less an allowance. The Lighting Plant can place a lien against a property if payment is not made. For non-owners, the company requires a deposit that can be applied to any unpaid amounts. In addition, the Lighting Plant has the right to shut off service to customers during the months of April through October if the customer is not making payments. On a periodic basis, the Lighting Plant does evaluate to determine if any write-offs are necessary.

NOTE 5 - ACCOUNTS RECEIVABLE:

Accounts Receivable - Customers consists of the following:

	2011	2010
Accounts Receivable	\$ 199,301	\$ 131,738
Less: Allowance for Doubtful Accounts	11,528	11,528
Accounts Receivable, Net	\$ 187,773	\$ 120,210

Accounts Receivable – Other consists of the following:

	2011	2010
Merchandise and Jobbing	\$ 47,567	\$ 110,495
Solar Renewable Energy Credits Receivable	120,367	0
Disaster Recovery Receivable	57,705	0
MMWEC Refunds Receivable	561	0
Dividends Receivable	241	341
Total Other Accounts Receivable	\$ 226,441	\$ 110,836

NOTE 6 - INSURANCE RESERVE:

The Lighting Plant set up an insurance reserve fund, which is to be used to reduce the future costs of insurance expense. The funds are invested in a high-yield money market depository account.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
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NOTE 7 - DEPRECIATION FUND:

Pursuant to provisions of the Commonwealth's General Laws, cash in an amount equivalent to the annual depreciation expense is transferred from unrestricted funds to the depreciation fund. Interest earned on the balance of the fund must also remain in the fund. Such cash may be used for the cost of plant, nuclear decommissioning costs, the costs of contractual commitments, and deferred costs related to such commitments, which the Municipal Lighting Board determines, are above market value.

NOTE 8 - RATE STABILIZATION FUND:

The rate stabilization fund was created as an aftermath of deregulation. These funds are for unexpected escalation in costs, such as the decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission cost increases. The Plant will also use this fund to help maintain our competitive position when the investor-owned utilities are no longer collecting their stranded costs several years down the line. The Rate Stabilization Fund Balance at December 31, 2011 and 2010 was \$3,223,969 and \$2,844,104, respectively.

NOTE 9 - PURCHASED POWER WORKING CAPITAL:

The purchased power working capital is an amount held by Massachusetts Municipal Wholesale Electric Company (MMWEC), the Lighting Plant's power supply agent. The implementation of the Working Capital Program began August 1, 1985. MMWEC participants approved certain working capital amendments to the various power purchase agreements. MMWEC requires that they hold a set amount of capital from which it may pay power obligations when they are due. They replenish the fund as needed from the monthly invoice payments. The income earned allocated to the Lighting Plant is applied as a credit to MMWEC Power Sales Billing. The balance in the Fund as of December 31, 2011 and 2010 is \$928,112 and \$917,225, respectively.

NOTE 10 - MMWEC PARTICIPATION:

The Town of West Boylston, acting through its Lighting Plant, is a participant in certain projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 - MMWEC PARTICIPATION (Continued):

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). Among other things, the PSAs require each Project Participant to pay its *pro rata* share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability to an additional amount not to exceed 25% of their original Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs.

West Boylston Municipal Lighting Plant has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Lighting Plant is required to make certain payments to MMWEC payable solely from Lighting Plant revenues.

Under the PSAs, each Participant is unconditionally obligated to make all payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

NOTE 11 - DISASTER RECOVERY ASSISTANCE:

On August 8, 2011 Hurricane Irene hit the area and on October 31, 2011 there was a severe snow storm that hit the area and left the Plant without power. The storms did damage to the infrastructure of the Plant and the area was declared a State of Emergency. In addition to the harm to the property owned by the Plant, many citizens also had damage to their homes and business property. The Plant incurred many costs to re-energize the Town, including amounts paid to subcontractors to assist with the emergency work that was required. Much of these costs will be reimbursed by the Federal Emergency Management Administration (FEMA). As of December 31, 2011, the total receivable from FEMA amounted to \$14,544.

On December 11, 2008, a severe ice storm hit the area and left the Plant and its customers without power for several days. All costs were incurred prior to 2010. During December 2011, the Town of West Boylston received the last reimbursement payment in the amount of \$43,161 from the Massachusetts Emergency Management Administration (MEMA) for costs incurred related to the storm. This amount was transferred to the Plant in 2012.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
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NOTE 12 - INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT:

	2011	2010
Cost of Capital Assets Acquired	\$ 9,502,432	\$ 9,180,746
Less: Accumulated Depreciation	(6,313,175)	(5,906,271)
Less: Outstanding Debt Related to Capital Assets	(1,030,029)	(1,098,698)
 Invested in Capital Assets, Net of Related Debt	 \$ 2,159,228	 \$ 2,175,777

NOTE 13 - UTILITY PLANT ASSETS:

	Balance January 1, 2011	Increases	Decreases	Balance December 31, 2011
Capital Assets Not Being Depreciated:				
Land	\$ 666,428	\$ 0	\$ 0	\$ 666,428
Construction in Progress	0	3,126	0	3,126
Capital Assets Not Being Depreciated	666,428	3,126	0	669,554
Capital Assets Being Depreciated:				
Distribution Plant	4,924,799	277,001	0	5,201,800
General Plant	1,729,737	31,702	0	1,761,439
Generation Plant	1,859,782	9,857	0	1,869,639
Total	8,514,318	318,560	0	8,832,878
Less Accumulated Depreciation For:				
Distribution Plant	(4,540,489)	(211,450)	0	(4,751,939)
General Plant	(1,353,865)	(121,277)	0	(1,475,142)
Generation Plant	(11,917)	(74,177)	0	(86,094)
Total Accumulated Depreciation	(5,906,271)	(406,904)	0	(6,313,175)
Capital Assets Being Depreciated, Net	2,608,047	(88,344)	0	2,519,703
Utility Plant Assets, Net	\$ 3,274,475	\$ (85,218)	\$ 0	\$ 3,189,257

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 14 - PENSION PLAN:

The Lighting Plant, through the Town of West Boylston, is a member of the Worcester Regional Retirement System, which in turn is a member of the Massachusetts Contributory Retirement System, which is governed by M.G.L. c. 32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees. The plan is a defined contributory benefit plan for all county employees and employees of participating towns and districts except those employees who are covered by the teachers' retirement board.

Massachusetts Contributory Retirement System benefits are uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

A \$30,000 salary cap, upon which members' benefits were calculated, was removed by the Worcester Regional Retirement System, effective January 1, 1991. Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions normal retirement is at age 55).

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

Active members contribute 5, 7, 8 or 9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired after 1978 contribute an additional 2% of annual pay above \$30,000. These contributions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Public Employees' Retirement Administration's (PERA's) actuary. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustments granted since 1981 and any increases in other benefits imposed by state law after that year are borne by the state.

Members who become permanently and totally disabled from further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases are dependent upon several factors, including: whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 14 - PENSION PLAN (Continued):

Employees who resign from state service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total contributions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest which has accrued upon those contributions.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

The Lighting Plant's contribution to the Retirement Plan is determined by an allocation of the total Town contribution, which is based upon projected benefits to be paid during the applicable year. The Lighting Plant then reimburses the Town for its share of the assessment.

The amount of pension expense charged to operations for the years ended December 31, 2011, 2010, and 2009 was \$91,375, \$ 110,763, and \$77,444, respectively.

The Plan's separately issued financial statements can be obtained by contacting Worcester Regional Retirement System at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01501.

NOTE 15 - RELATED PARTY TRANSACTIONS:

In the ordinary course of business, the Lighting Plant sells electricity to various Town departments. During the years ended December 31, 2011 and 2010, sales to these departments totaled \$310,422 and \$341,776, respectively. At December 31, 2011 and 2010, the amounts due from these departments were \$26,296 and \$12,191, respectively.

The Lighting Plant reimburses the town for various employee benefits and services, including health insurance and retirement. During the years ended December 31, 2011 and 2010, the total amount paid for these services was \$309,151 and \$326,300, respectively. The amounts payable to the town as of December 31, 2011 was \$35,882 and as of December 31, 2010 was \$17,613.

NOTE 16 - ADVANCES TO MMLD SOLAR ENERGY COOPERATIVE CORPORATION:

West Boylston Municipal Lighting Plant has advanced amounts to the Cooperative in order to pay for development costs associated with the West Boylston Facilities, as well as some construction costs that were in excess of the bond proceeds. There are no specific repayment terms. As of December 31, 2011 and 2010, the total advance to the Cooperative was \$815,564 and \$848,519.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 17 - RISK MANAGEMENT:

Self-Insurance Trust

The Lighting Plant participates in Mass Municipal Self Insurance Trust (the Trust) with 17 other municipal light departments for the purpose of sharing general liability and directors' and officers' liability risks. Through the Trust, West Boylston Municipal Lighting Plant is insured for \$500,000 per occurrence, with a \$50,000 deductible. Each participating light plant contributes to the Trust based on its share of the group's total kilowatt-hour sales. Payments for claims under the deductible limit are funded by trust assets or, if required, additional contributions from the participants.

Generally accepted accounting principles require that liabilities for self-insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2011 and 2010, the Lighting Plant considers its pro rata share of these losses to be immaterial to its financial statements.

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (OPEB):

December 31, 2008 was the initial year that West Boylston Municipal Lighting Plant (WBMLP) implemented GASB Statement 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. As allowed by GASB 45, the Department has established the net OPEB obligation at zero at the beginning of the transition year and has applied the measurement recognition requirements of GASB 45 on a prospective basis.

Plan Description. The Plant participates in the town sponsored single employer defined benefit health plan. The Plant provides certain health care and life insurance benefits for eligible retirees, spouses and dependents. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan.

As of December 31, 2009 WBMLP's membership consisted of the following:

Current retirees, beneficiaries and dependents	15
Current active members	11
Total	26

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

Funding Policy. WBMLP recognizes the cost of providing these benefits, in accordance with government accounting standards, on a pay-as-you-go basis, by expensing the annual insurance premiums charged WBMLP by the Town, which aggregated approximately \$195,088 and \$190,233 for the years ended December 31, 2011 and 2010. The cost of providing these benefits for retirees is not readily separable from the costs for active employees. Retired plan members and beneficiaries currently receiving benefits contribute 18% to 25% of the cost of benefits depending on the health plan they are enrolled in.

Annual OPEB Costs. The Plant's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Plant's annual OPEB cost for the year ending December 31, 2011, the amount actually contributed to the plan, and changes in the Plant's net OPEB obligation based on an actuarial valuation as of December 31, 2009 were as follows:

	2011	2010
Annual required contribution	\$ 219,219	\$ 209,905
Contributions made	(78,379)	(83,663)
Increase in net OPEB obligation	140,840	126,242
Net OPEB obligation beginning of year	447,780	321,538
Net OPEB obligation end of year	\$ 588,620	\$ 447,780

The Plant's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Year ended	Annual OPEB costs	Percentage of OPEB cost contributed	Net OPEB obligation
2009	\$ 245,357	36.1%	\$ 321,538
2010	\$ 209,905	39.9%	\$ 447,780
2011	\$ 219,219	35.7%	\$ 588,620

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

Funded Status and Funding Progress. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Legislature was passed allowing Municipal Light Departments to create a trust, in order to fund their OPEB obligation. West Boylston Municipal Lighting Plant did not create a trust for 2011, but had a Board vote April, 2009 to transfer \$164,879 into a trust toward funding this obligation. The money has not been transferred as of December 31, 2011. The Lighting Plant is waiting for the trust to be set up with MMWEC.

The funded status is as follows:

Actuarial accrued liability (AAL)	\$2,274,778
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability	\$2,274,778
Funded Ratio (actuarial value of plan assets/AAL)	0%
Covered Payroll (active plan members)	749,359
UAAL as a percentage of covered payroll	303.56%

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the plant and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

As of the December 31, 2009 actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5% after 5 years. The Plant's unfunded actuarial accrued liability is being amortized each year as an open 30 year level dollar basis. The remaining amortization period at December 31, 2009 was thirty years.

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

The significant accounting policies of the Massachusetts Municipal Light Department Solar Energy Cooperative Corporation (Cooperative) are as follows:

Reporting Entity

The Cooperative is organized under Chapter 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by Massachusetts Municipal Wholesale Electric Company (MMWEC) and the West Boylston Municipal Lighting Plant (WBMLP) for the purpose of financing, owning, constructing and operating solar generation facilities located in the town of West Boylston, Massachusetts (West Boylston Facilities).

The powers of the Cooperative are exercised by the Board of Directors who has the right to conduct business and carry on operations. The Board of Directors is comprised of one director who represents MMWEC and two or more Directors who represent the WBMLP.

Nature of Operations

The Cooperative is a self-sustaining 369.6 kilowatt solar photovoltaic energy project, comprised of 1,760 solar panels installed at the intersection of Paul X. Tivnan Road and Shrewsbury Street in West Boylston, Massachusetts. The Cooperative provides both operational and financial value to the WBMLP by delivering clean, renewable electricity to its customers.

Regulation and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Additionally, the Cooperative follows Codification ASC 980, *Accounting for the Effects of Certain Types of Regulation* as it relates to the deferral of revenues and expenses to future periods in which the revenues are expected to be earned or expenses are expected to be recovered through future billings.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 19 - MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Regulation and Basis of Accounting (continued):

The Cooperative complies with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Proprietary funds and similar component units apply Accounting Standards Codification (ASC) and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Fair Value of Financial Instruments

The Cooperative's financial instruments consist of cash and cash equivalents, accounts payable and accrued expenses and debt instruments. The estimated fair values of these financial instruments approximate their carrying values at December 31, 2011 and 2010. The estimated fair values have been determined through information obtained from market sources and management estimates.

Depreciation

Property and equipment is stated at cost. Minor additions and renewals are expensed in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives using straight line method. Depreciation expense for 2011 and 2010 was \$74,177 and \$11,917, respectively.

Taxes

The Cooperative is exempt from federal income taxes.

Advances from West Boylston Municipal Lighting Plant

WBMLP has advanced amounts to the Cooperative in order to pay for development costs associated with the West Boylston Facilities that are in excess of the bond proceeds. The advances are classified as long term as repayment is not anticipated within the current year. There are no specific repayment terms. As of December 31, 2011 and 2010 the total advances to the Cooperative were \$815,564 and \$848,519, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prepaid Insurance

Prepaid insurance represents insurance premiums paid in the current fiscal year benefiting future periods.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 19 - MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Amounts Recoverable/Payable in the Future

The difference between revenues received and expenses paid are charged to the amounts recoverable/payable in the future account. Such amounts will be recovered or settled through future billings.

Revenues and Expenses

The Cooperative distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the utility's principal ongoing operations. The principal operating revenues of the Cooperative will be the contract charges to the WBMLP. Operating expenses for the Cooperative currently include insurance, services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

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

Custodial Credit Risk

In the event of a bank failure, the Cooperative's deposits may not be returned. The Cooperative's funds on deposit with financial institutions are subject to the insurance coverage limits by the Federal Deposit Insurance Corporation (FDIC) and the Deposit Insurance Fund of Massachusetts (DIF).

Related Parties:

On behalf of the Cooperative, MMWEC records and accounts for bills received and paid. MMWEC will also be accounting for monthly contract charges rendered and payments received from the WBMLP.

The Cooperative entered into an agency contract with MMWEC on October 22, 2008, under which MMWEC is serving as the Cooperative's agent in all matters with respect to financing the construction, purchase, ownership, lease or other acquisition by the Cooperative of the West Boylston Facilities or energy generated from other facilities and other property or interest therein.

The Cooperative entered into a service contract with MMWEC on June 29, 2010, under which MMWEC is serving as the Cooperative's agent to provide financing, administrative and other services relating to the West Boylston Facilities.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
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NOTE 19 - MASSACHUSETTS MUNICIPAL LIGHT DEPARTMENT SOLAR ENERGY
COOPERATIVE CORPORATION (COOPERATIVE) (Continued):

Related Parties (continued):

Under both the agency and service contract, MMWEC is to serve as the Cooperative's representative in the New England Power Pool (NEPOOL) and in matters relating to ISO New England, Inc. (ISO-NE) in connection with the West Boylston Facilities, the purchase and sale of energy there or from other facilities and other property or interests therein.

During the year ended December 31, 2011 and 2010, the Cooperative incurred charges of \$12,946 and \$22,045, for services provided by or paid by MMWEC on behalf of the Cooperative. As of December 31, 2011 and 2010, the Cooperative had an outstanding balance due to MMWEC of \$1,886 and \$7,890.

Occasionally, WBMLP will incur costs related to the West Boylston Facilities and then invoice the Cooperative for these costs. During the year ended December 31, 2011 and 2010, the Cooperative incurred charges of \$3,068 and \$38,518, which were paid by WBMLP, for costs related to the West Boylston Facilities. In addition, during the years ended December 31, 2011 and 2010, WBMLP advanced \$60,000 and \$750,000, respectively, to the Cooperative to fund project costs. As of December 31, 2011 and 2010, the Cooperative has an outstanding balance due to WBMLP of \$815,564 and \$788,518.

As disclosed in Note 4, the Cooperative entered into a lease agreement with the WBMLP and is required to make annual rental payments under the agreement.

Debt:

In June 2010, the Cooperative obtained a Clean Renewable Energy Bond (CREB) in the amount of \$1,167,367 to provide term financing for the installation and operation of the West Boylston Facilities. The CREB has a payment term of up to sixteen years but not greater than the maximum term for a clean renewable energy bond as determined by the U.S. Treasury Department. Principal payments are due in equal installments of \$68,669 commencing on December 30, 2010 and then on the December 30 of each year thereafter. All principal and accrued interest thereon shall be due and payable on demand on June 29, 2026. Interest on the CREB is fixed at 2% and is payable in semi-annual installments on June 30 and December 30 of each year. The CREB is collateralized by the equipment and the purchase power agreement (PPA) with the West Boylston Municipal Lighting Plant. As of December 31, 2011 and 2010 the outstanding CREB balance was \$1,030,029 and \$1,098,698, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
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DECEMBER 31, 2011 AND 2010

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

Debt (continued):

The Cooperative incurred \$73,949 of financing costs in connection with the issuance of the debt, which were capitalized and are being amortized over the life of the debt instrument. Amortization expense related to these financing costs was \$4,619 and \$2,341 for the years ended December 31, 2011 and 2010, respectively. The remaining deferred costs balance related to the CREB of \$66,989 and \$71,608 is included in deferred financing costs on the accompanying balance sheets as of December 31, 2011 and 2010, respectively.

The following is a summary of total debt service requirements for the CREB outstanding:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For years ended December 31,	2012	\$ 68,669	\$ 20,944	\$ 89,613
	2013	68,669	18,494	87,163
	2014	68,669	18,102	86,771
	2015	68,669	17,709	86,378
	2016	68,669	15,359	84,028
	2017-2021	343,343	55,725	399,068
	2022-2026	<u>343,341</u>	<u>20,196</u>	<u>363,537</u>
	Total	<u>\$ 1,030,029</u>	<u>\$ 166,529</u>	<u>\$ 1,196,558</u>

Commitments and Contingencies:

Lease Agreement

The Cooperative entered into a 20 year lease agreement on June 29, 2010 with the WBMLP. Under the lease agreement, the Cooperative may finance, purchase, acquire, own, hold, install and maintain, or cause to be installed and maintained, a ground-mounted photovoltaic installation for the production of solar energy on the West Boylston Facilities. This lease agreement requires monthly lease payments of \$1 each month for the term of the lease.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 20 - RESTATEMENT OF 2010 FINANCIAL STATEMENTS:

The Lighting Plant restated the 2010 previously issued financial statements. The Plant had not recognized the Massachusetts Municipal Light Department Solar Energy Cooperative Corporation (Cooperative) as a component unit. This restatement increased the Plant's 2010 net assets.

NOTE 21 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June 20, 2012, the date on which the financial statements were available to be issued. The Lighting Plant received approval for financing of substation improvements at the Town meeting on May 21, 2012. The estimated date of completion for the project is January 2013.

NOTE 22 - CONTINGENCIES AND LIABILITIES:

Legal and Environmental Matters

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

Berkshire Wind Cooperative Corporation Contingencies and Liabilities

The West Boylston Municipal Lighting Plant (Plant), is a Member of the Berkshire Wind Cooperative Corporation (Cooperative).

The Cooperative is organized under Chapters 157 and 164: Section 47C of the State of Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by Massachusetts Municipal Wholesale Electric Company (MMWEC) and 14 Municipal Light Departments (Members) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility).

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 22 - CONTINGENCIES AND LIABILITIES (Continued):

Berkshire Wind Cooperative Corporation Contingencies and Liabilities (continued):

MMWEC sells all of the capability of the Berkshire Wind Facility (Capability) to the Members of the Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Cooperative Member to pay its *pro rata* share of the costs related to the Berkshire Wind Facility, which costs include debt service on the bonds issued by the Cooperative to finance the Berkshire Wind Facility, plus 10% of the debt service to be paid into a Reserve and Contingency Fund. In addition, should a Cooperative Member fail to make any payment when due, other Cooperative Members may be required to increase (step-up) their payments and correspondingly their share of the Capability to an additional amount.

The Cooperative has issued revenue bonds, which are payable solely from, and secured solely by, the revenues derived from the Berkshire Wind Facility. The revenues are used solely to provide for the payment of any bond issue relating to the Berkshire Wind Facility and to pay the Cooperative's cost of owning and operating the Berkshire Wind Facility.

The West Boylston Municipal Lighting Plant has entered into a PPA with the Berkshire Wind Cooperative Corporation. Under the PPA, each Participant is unconditionally obligated to make all payments due to the Berkshire Wind Cooperative Corporation, whether or not the Berkshire Wind Facility is completed or operating, and notwithstanding the suspension or interruption of the output of the Berkshire Wind Facility. In addition, under the PPA, the Plant is required to pay to the Cooperative its share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility.

The Cooperative is involved in various legal actions. In the opinion of the Cooperative management, the outcome of such actions will not have a material adverse effect on the financial position of the Cooperative.

As of December 31, 2011, total capital expenditures for the Berkshire Wind Facility amounted to \$59,031,574, of which \$3,173,000, represents the amount associated with the Plant's share of the Capability of the Berkshire Wind Facility of which it is a Member, although such amount is not allocated to the Plant. The Cooperative's debt outstanding for the Berkshire Wind Facility includes bonds totaling \$64,705,000, of which \$3,478,000 is associated with the Plant's share of Capability of the Berkshire Wind Facility of which it is a Member, although such amount is not allocated to the Plant.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2011 AND 2010

NOTE 22 - CONTINGENCIES AND LIABILITIES (Continued):

Berkshire Wind Cooperative Corporation Contingencies and Liabilities (continued):

As of December 31, 2011, the Cooperative's total future debt service requirement on outstanding bonds issued for the Projects is \$102,592,000, of which \$5,514,000 is anticipated to be billed to the Plant in the future.

The estimated aggregate amount of the West Boylston Municipal Light Plant's required payments under the PSA exclusive of the Reserve and Contingency Fund billings, to the Cooperative at December 31, 2011 and estimated for future years is shown below.

		<u>ANNUAL COSTS</u>
For the years ended December 31,	2012	\$ 290,000
	2013	290,000
	2014	290,000
	2015	290,000
	2016	290,000
	2017 to 2021	1,451,000
	2022 to 2026	1,451,000
	2027 to 2030	<u>1,162,000</u>
	TOTAL	<u>\$ 5,514,000</u>

MMWEC Contingencies and Liabilities:

Through membership in MMWEC, the Lighting Plant is contingently liable on various projects, which it participates as detailed below.

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which the bonds relate, plus available funds pledged under MMWEC's Amended and Restated General Bond Resolution (GBR) with respect to the bonds of that Project. The MMWEC revenues derived from each Project are used solely to provide for the payment of the bonds of any bond issue relating to such Project and to pay MMWEC's cost of owning and operating such Project and are not used to provide for the payment of the bonds of any bond issue relating to any other Project.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 22 - CONTINGENCIES AND LIABILITIES (Continued):

MMWEC Contingencies and Liabilities (continued):

MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC, an indirect subsidiary of NextEra Energy Resources LLC (formerly FPL Energy LLC) and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. (DNCI), the majority owner and an indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates the Millstone Unit 2 nuclear unit. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

A substantial portion of MMWEC's plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC (NextEra Seabrook) (formerly FPL Energy Seabrook LLC), the majority owner and an indirect subsidiary of NextEra Energy Resources LLC (formerly FPL Energy LLC). The operating license for Seabrook Station extends to March, 2030. NextEra Seabrook has submitted an application to extend the Seabrook Station operating license for an additional 20 years.

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

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

Seven municipal light departments that are Participants under PSAs with MMWEC have submitted a demand for arbitration of a dispute relating to charges under the PSAs. MMWEC cannot predict the outcome of the arbitration demand, but in the opinion of MMWEC management, it will not have a material adverse effect on the financial position of MMWEC.

As of December 31, 2011, total capital expenditures for MMWEC's Projects amounted to \$1,581,599,000 of which \$23,438,000 represents the amount associated with the Lighting Plant's share of Project' Capability of the Projects in which it participates, although such amount is not allocated to the Lighting Plant.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2011 AND 2010

NOTE 22 - CONTINGENCIES AND LIABILITIES (Continued):

MMWEC Contingencies and Liabilities (continued):

MMWEC's debt outstanding for the Projects includes Power Supply Project Revenue Bonds totaling \$358,420,000, of which \$5,107,000 is associated with the Lighting Plant's share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Lighting Plant.

As of December 31, 2011, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$380,165,000, of which \$5,369,000 is anticipated to be billed to the Lighting Plant in the future.

The estimated aggregate amount of West Boylston Municipal Lighting Plant's required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to MMWEC at December 31, 2011 and estimated for future years is shown below.

		<u>ANNUAL COSTS</u>
For the years ended December 31,	2012	\$ 1,154,000
	2012	1,101,000
	2013	1,007,000
	2015	936,000
	2016	758,000
	2017 to 2020	<u>413,000</u>
	Total	<u>\$ 5,369,000</u>

In addition, under the PSAs, the Lighting Plant is required to pay its share of the Operation and Maintenance (O&M) costs of the Projects in which they participate. The Lighting Plant's total O&M costs including debt service under the PSAs were \$2,918,000 and \$2,978,000 for the years ended December 31, 2011 and 2010, respectively.

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

PROJECTS	PERCENTAGE SHARE	TOTAL PROJECT EXPENDITURES TO DATE	PARTICIPANT'S SHARE	DEBT ISSUED & OUTSTANDING 12/31/2011	PARTICIPANT'S SHARE	TOTAL DEBT SERVICE ON BONDS OUTSTANDING	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3041	\$ 59,218	\$ 1,364	\$ -	\$ -	\$ -	\$ -
Stony Brook Intermediate Project	1.4135	167,588	2,369	-	-	-	-
Nuclear Mix No. 1-SBK	1.3587	10,956	149	1,728	23	1,470	20
Nuclear Mix No. 1-MLS	1.3587	121,046	1,645	19,097	259	16,240	221
Nuclear Project No. 3-MLS	1.7956	147,417	2,647	68,710	1,234	72,021	1,293
Nuclear Project No. 4-SBK	2.9080	336,269	9,779	72,850	2,118	76,631	2,228
Nuclear Project No. 5-SBK	0.7204	91,427	659	21,370	154	22,559	163
Wyman Project	-	8,609	-	-	-	-	-
Project No. 6-SBK	0.7552	639,069	4,826	174,665	1,319	191,244	1,444
TOTAL		<u>\$ 1,581,599</u>	<u>\$ 23,438</u>	<u>\$ 358,420</u>	<u>\$ 5,107</u>	<u>\$ 380,165</u>	<u>\$ 5,369</u>

PROJECTS	PERCENTAGE SHARE	OPERATION & MAINTENANCE 12/31/2010	PARTICIPANT'S SHARE	OPERATION & MAINTENANCE 12/31/2011	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3041	\$ 4,951	\$ 114	\$ 4,306	\$ 99
Stony Brook Intermediate Project	1.4135	26,601	376	25,624	362
Nuclear Mix No. 1-SBK	1.3587	1,965	27	1,239	17
Nuclear Mix No. 1-MLS	1.3587	16,571	225	17,540	238
Nuclear Project No. 3-MLS	1.7956	28,451	511	29,304	526
Nuclear Project No. 4-SBK	2.9080	39,545	1,150	38,376	1,116
Nuclear Project No. 5-SBK	0.7204	10,783	78	10,428	75
Wyman Project	-	1,556	-	1,751	-
Project No. 6-SBK	0.7552	65,838	497	64,280	485
TOTAL		<u>\$ 196,261</u>	<u>\$ 2,978</u>	<u>\$ 192,848</u>	<u>\$ 2,918</u>

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

PROJECTS	PERCENTAGE SHARE	2012		2013		2014	
		ANNUAL COST	PARTICIPANT'S SHARE	ANNUAL COST	PARTICIPANT'S SHARE	ANNUAL COST	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stony Brook Intermediate Project	1.4135	-	-	-	-	-	-
Nuclear Mix No. 1-SBK	1.3587	869	12	616	8	215	3
Nuclear Mix No. 1-MLS	1.3587	8,183	111	5,804	79	2,023	27
Nuclear Project No. 3-MLS	1.7956	14,993	269	14,307	257	14,063	253
Nuclear Project No. 4-SBK	2.9080	16,216	472	16,200	471	15,014	437
Nuclear Project No. 5-SBK	0.7204	4,673	34	4,546	33	4,293	31
Wyman Project	-	-	-	-	-	-	-
Project No. 6-SBK	0.7552	33,834	256	33,529	253	33,910	256
TOTAL		\$ 78,768	\$ 1,154	\$ 75,002	\$ 1,101	\$ 69,518	\$ 1,007

PROJECTS	PERCENTAGE SHARE	2015		2016		2017 to 2020	
		ANNUAL COST	PARTICIPANT'S SHARE	ANNUAL COST	PARTICIPANT'S SHARE	ANNUAL COST	PARTICIPANT'S SHARE
Stony Brook Peaking Project	2.3041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stony Brook Intermediate Project	1.4135	-	-	-	-	-	-
Nuclear Mix No. 1-SBK	1.3587	0	0	-	-	-	-
Nuclear Mix No. 1-MLS	1.3587	0	0	-	-	-	-
Nuclear Project No. 3-MLS	1.7956	14,311	257	9,182	165	5,165	93
Nuclear Project No. 4-SBK	2.9080	13,672	398	11,128	324	4,401	126
Nuclear Project No. 5-SBK	0.7204	4,000	29	3,370	24	1,677	12
Wyman Project	-	-	-	-	-	-	-
Project No. 6-SBK	0.7552	33,412	252	32,411	245	24,148	182
TOTAL		\$ 65,395	\$ 936	\$ 56,091	\$ 758	\$ 35,391	\$ 413

Goulet, Salvidio & Associates, P.C.

Certified Public Accountants

James F. Goulet, CPA, MST
Catherine A. Kuzmeskus, CPA

Michael A. Salvidio, CPA
James R. Dube, CPA

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

The Board of Commissioners
West Boylston Municipal Lighting Plant
West Boylston, Massachusetts 01583

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of West Boylston Municipal Lighting Plant for the years ended December 31, 2011 and 2010, which are presented in the preceding section of this report. The supplemental information presented on pages 37-44 is for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts
June 20, 2012

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF NET ASSETS
DECEMBER 31, 2011 AND 2010

ASSETS

	<u>2011</u>			<u>2010</u>				
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>		<u>Eliminations</u>
CURRENT ASSETS:								
Funds on Deposit with Town Treasurer								
Operating Cash	\$ 1,868,282	\$ 141,153	\$ -	\$ 2,009,435	\$ 1,810,806	\$ 53,097	\$ -	\$ 1,863,903
Petty Cash	1,800	-	-	1,800	1,800	-	-	1,800
Customer Accounts Receivable, Net	187,773	-	-	187,773	120,210	-	-	120,210
Accounts Receivable - Other	353,339	142,985	(269,883)	226,441	110,836	-	-	110,836
Interest Receivable	3,093	-	-	3,093	4,737	-	-	4,737
Unbilled Revenue	645,910	-	-	645,910	702,031	83,296	(83,296)	702,031
Materials and Supplies	309,150	-	-	309,150	251,026	-	-	251,026
Prepaid Expenses	60,216	13,398	-	73,614	66,047	15,150	-	81,197
Prepaid Purchased Power	86,564	-	-	86,564	59,694	-	-	59,694
Purchased Power Working Capital	928,112	-	-	928,112	917,225	-	-	917,225
	<u>4,444,239</u>	<u>297,536</u>	<u>(269,883)</u>	<u>4,471,892</u>	<u>4,044,412</u>	<u>151,543</u>	<u>(83,296)</u>	<u>4,112,659</u>
TOTAL CURRENT ASSETS								
NONCURRENT ASSETS:								
Funds on Deposit with Town Treasurer								
Customer Deposits	135,260	-	-	135,260	138,490	-	-	138,490
Depreciation Fund	2,837,467	-	-	2,837,467	2,488,682	-	-	2,488,682
Insurance Reserve Fund	627,852	-	-	627,852	848,089	-	-	848,089
Investments	7,488	-	-	7,488	9,133	-	-	9,133
Preliminary Survey and Investigation Charges	82,845	-	-	82,845	82,845	-	-	82,845
Advances to MMLD Solar Energy Cooperative Corporation	815,564	-	(815,564)	-	848,519	-	(848,519)	-
Rate Stabilization Fund	3,223,969	-	-	3,223,969	2,844,104	-	-	2,844,104
Deferred Financing Costs, Net	-	66,989	-	66,989	-	71,608	-	71,608
Utility Plant Assets, Net	1,405,712	1,783,545	-	3,189,257	1,426,610	1,847,865	-	3,274,475
	<u>9,136,157</u>	<u>1,850,534</u>	<u>(815,564)</u>	<u>10,171,127</u>	<u>8,686,472</u>	<u>1,919,473</u>	<u>(848,519)</u>	<u>9,757,426</u>
TOTAL NONCURRENT ASSETS								
TOTAL ASSETS	<u>\$ 13,580,396</u>	<u>\$ 2,148,070</u>	<u>\$ (1,085,447)</u>	<u>\$ 14,643,019</u>	<u>\$ 12,730,884</u>	<u>\$ 2,071,016</u>	<u>\$ (931,815)</u>	<u>\$ 13,870,085</u>

See Independent Auditors' Report on Supplemental Information

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF NET ASSETS (CONTINUED)
DECEMBER 31, 2011 AND 2010

LIABILITIES AND NET ASSETS

	<u>2011</u>			<u>2010</u>				
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>		<u>Eliminations</u>
CURRENT LIABILITIES:								
Accounts Payable	\$ 505,100	\$ 146	\$ -	\$ 505,246	\$ 596,993	\$ 132,069	\$ (60,001)	\$ 669,061
Accounts Payable - MMWEC	-	1,886	-	1,886	-	7,890	-	7,890
Accrued Expenses	136,517	-	-	136,517	132,313	-	-	132,313
Current Portion of Long-Term Debt	-	68,669	-	68,669	-	68,669	-	68,669
Billings in Excess of Costs to Participants	-	266,731	(266,731)	-	-	-	-	-
Miscellaneous Deferred Liabilities	1,157,641	-	-	1,157,641	597,287	-	-	597,287
TOTAL CURRENT LIABILITIES	1,799,258	337,432	(266,731)	1,869,959	1,326,593	208,628	(60,001)	1,475,220
NONCURRENT LIABILITIES:								
Customer Deposits	135,260	-	-	135,260	138,490	-	-	138,490
Other Post Employment Benefit Obligation	588,620	-	-	588,620	447,780	-	-	447,780
Reserve for Rate Stabilization	3,764,738	-	-	3,764,738	3,734,874	-	-	3,734,874
Accumulated Provision for Insurance	627,852	-	-	627,852	627,852	-	-	627,852
Long-Term Debt, Less Current Portion	-	961,360	-	961,360	-	1,030,029	-	1,030,029
Amounts Recoverable/Payable in the Future	-	33,714	(33,714)	-	-	43,841	(43,841)	-
Advances from West Boylston Municipal Lighting Plant	-	815,564	(815,564)	-	-	788,518	(788,518)	-
TOTAL NONCURRENT LIABILITIES	5,116,470	1,810,638	(849,278)	6,077,830	4,948,996	1,862,388	(832,359)	5,979,025
TOTAL LIABILITIES	6,915,728	2,148,070	(1,116,009)	7,947,789	6,275,589	2,071,016	(892,360)	7,454,245
NET ASSETS:								
Invested in Capital Assets, Net of Related Debt	1,405,712	753,516	-	2,159,228	1,426,610	749,167	-	2,175,777
Unrestricted	5,258,956	(753,516)	30,562	4,536,002	5,028,685	(749,167)	(39,455)	4,240,063
TOTAL NET ASSETS	6,664,668	-	30,562	6,695,230	6,455,295	-	(39,455)	6,415,840
TOTAL LIABILITIES AND NET ASSETS	\$ 13,580,396	\$ 2,148,070	\$ (1,085,447)	\$ 14,643,019	\$ 12,730,884	\$ 2,071,016	\$ (931,815)	\$ 13,870,085

See Independent Auditors' Report on Supplemental Information

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>				<u>2010</u>			
	West Boylston Municipal Lighting Plant	Solar Energy Cooperative Corporation	Eliminations	Consolidated Amount	West Boylston Municipal Lighting Plant	Solar Energy Cooperative Corporation	Eliminations	Consolidated Amount
OPERATING REVENUES:								
Sales of Electricity	\$ 7,322,230	\$ -	\$ -	\$ 7,322,230	\$ 7,413,463	\$ -	\$ -	\$ 7,413,463
Other Operating Revenues	151,953	146,093	91,681	389,727	146,760	83,296	(83,296)	146,760
TOTAL OPERATING REVENUES	7,474,183	146,093	91,681	7,711,957	7,560,223	83,296	(83,296)	7,560,223
OPERATING EXPENSES:								
Operations and Maintenance	7,046,458	55,145	11,537	7,113,140	7,029,776	21,681	-	7,051,457
Depreciation	332,727	74,177	-	406,904	324,636	11,917	-	336,553
TOTAL OPERATING EXPENSES	7,379,185	129,322	11,537	7,520,044	7,354,412	33,598	-	7,388,010
OPERATING INCOME	94,998	16,771	80,144	191,913	205,811	49,698	(83,296)	172,213
NONOPERATING REVENUES (EXPENSES):								
Investment Income	71,837	-	-	71,837	76,185	-	-	76,185
Dividend Income	1,978	-	-	1,978	1,786	-	-	1,786
Interest Expense	(511)	(22,279)	-	(22,790)	(3,637)	(3,956)	-	(7,593)
Disaster Recovery Income	57,705	-	-	57,705	40,540	-	-	40,540
Disaster Recovery Expenses	(16,634)	-	-	(16,634)	-	-	-	-
Interest Income	-	-	-	-	-	440	-	440
Amortization of Debt Expense	-	(4,619)	-	(4,619)	-	(2,341)	-	(2,341)
Amounts Recoverable/Payable in the Future	-	10,127	(10,127)	-	-	(43,841)	43,841	-
TOTAL NONOPERATING REVENUES (EXPENSES)	114,375	(16,771)	(10,127)	87,477	114,874	(49,698)	43,841	109,017
Income Before Contributions and Transfers	209,373	-	70,017	279,390	320,685	-	(39,455)	281,230
NET ASSETS - JANUARY 1	6,455,295	-	(39,455)	6,415,840	6,134,610	-	-	6,134,610
NET ASSETS - DECEMBER 31	\$ 6,664,668	\$ -	\$ 30,562	\$ 6,695,230	\$ 6,455,295	\$ -	\$ (39,455)	\$ 6,415,840

See Independent Auditors' Report on Supplemental Information

WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>				<u>2010</u>			
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash Received from Customers	\$ 7,405,919	\$ 203,568	\$ -	7,609,487	\$ 7,638,190	\$ 103,128	\$ -	\$ 7,741,318
Other Operating Cash Receipts - Solar Renewable Energy Credits	-	149,567	-	149,567	-	-	-	-
Cash Paid to Suppliers	(5,686,419)	(191,320)	-	(5,877,739)	(5,530,044)	-	-	(5,530,044)
Cash Paid to Employees	(749,359)	-	-	(749,359)	(725,833)	-	-	(725,833)
Cash Paid for Benefits	(205,012)	-	-	(205,012)	(218,875)	-	-	(218,875)
Net Cash Provided by (Used in) Operating Activities	<u>765,129</u>	<u>161,815</u>	<u>-</u>	<u>926,944</u>	<u>1,163,438</u>	<u>103,128</u>	<u>-</u>	<u>1,266,566</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Net Disaster Recovery Revenue (Costs)	(16,634)	-	-	(16,634)	40,540	-	-	40,540
Interest Expense	(511)	-	-	(511)	(3,637)	(3,956)	-	(7,593)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(17,145)</u>	<u>-</u>	<u>-</u>	<u>(17,145)</u>	<u>36,903</u>	<u>(3,956)</u>	<u>-</u>	<u>32,947</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds from Sale of Assets	-	-	-	-	2,678	-	-	2,678
Additions to Plant Assets	(311,829)	(9,857)	60,001	(261,685)	(297,816)	(1,859,782)	(60,001)	(2,217,599)
Debt Issuance Costs	-	-	-	-	-	(73,949)	-	(73,949)
Repayments on Long Term Debt	-	(68,669)	-	(68,669)	-	(68,669)	-	(68,669)
Advances from West Boylston	-	27,046	(27,046)	-	-	788,518	(788,518)	-
Interest Expense	-	(22,279)	-	(22,279)	-	-	-	-
Proceeds from Issuance of Long Term Debt	-	-	-	-	-	1,167,367	-	1,167,367
Net Cash Provided by (Used in) Capital Financing Activities	<u>(311,829)</u>	<u>(73,759)</u>	<u>32,955</u>	<u>(352,633)</u>	<u>(295,138)</u>	<u>(46,515)</u>	<u>(848,519)</u>	<u>(1,190,172)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Advances to MMLD Solar Energy Cooperative Corporation	32,955	-	(32,955)	-	(848,519)	-	848,519	-
Investment Income	71,837	-	-	71,837	76,185	-	-	76,185
Dividend Income	1,978	-	-	1,978	1,786	-	-	1,786
Rate Stabilization Reserve	29,864	-	-	29,864	26,847	-	-	26,847
Purchase of Investments	(2,477,000)	-	-	(2,477,000)	(1,878,927)	-	-	(1,878,927)
Proceeds from Sales and Maturities of Investments	1,872,286	-	-	1,872,286	1,523,709	-	-	1,523,709
Interest Received	-	-	-	-	-	440	-	440
Net Cash Provided by (Used in) Investing Activities	<u>(468,080)</u>	<u>-</u>	<u>(32,955)</u>	<u>(501,035)</u>	<u>(1,098,919)</u>	<u>440</u>	<u>848,519</u>	<u>(249,960)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(31,925)	88,056	-	56,131	(193,716)	53,097	-	(140,619)
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>6,770,667</u>	<u>53,097</u>	<u>-</u>	<u>6,823,764</u>	<u>6,964,383</u>	<u>-</u>	<u>-</u>	<u>6,964,383</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 6,738,742</u>	<u>\$ 141,153</u>	<u>\$ -</u>	<u>\$ 6,879,895</u>	<u>\$ 6,770,667</u>	<u>\$ 53,097</u>	<u>\$ -</u>	<u>\$ 6,823,764</u>

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WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>				<u>2010</u>			
	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>	<u>West Boylston Municipal Lighting Plant</u>	<u>Solar Energy Cooperative Corporation</u>	<u>Eliminations</u>	<u>Consolidated Amount</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:								
Operating Income	\$ 94,998	\$ 16,771	\$ 80,144	\$ 191,913	\$ 205,811	\$ 49,698	\$ (83,296)	\$ 172,213
Adjustments to Reconcile Operating Income to Net Cash								
Provided by Operating Activities:								
Depreciation	332,727	74,177	-	406,904	324,636	11,917	-	336,553
Loss on Disposition of Investments	2,529	-	-	2,529	-	-	-	-
(Increase) Decrease in Assets:								
Accounts Receivable - Customers	(67,563)	(142,985)	269,883	59,335	74,324	-	-	74,324
Accounts Receivable - Other	(184,798)	-	-	(184,798)	(81,225)	-	-	(81,225)
Unbilled Revenue	56,121	83,296	(83,296)	56,121	164,394	(83,296)	83,296	164,394
Materials and Supplies	(58,124)	-	-	(58,124)	(35,011)	-	-	(35,011)
Prepaid Expenses	5,831	1,752	-	7,583	(11,106)	(15,150)	-	(26,256)
Prepaid Purchased Power	(26,870)	-	-	(26,870)	1,266	-	-	1,266
Increase (Decrease) in Liabilities:								
Accounts Payable	(91,893)	(131,923)	-	(223,816)	(14,497)	132,069	-	117,572
Accounts Payable - MMWEC	-	(6,004)	-	(6,004)	-	7,890	-	7,890
Accrued Expenses	4,206	-	-	4,206	(20,008)	-	-	(20,008)
Billings in Excess of Costs to Participants	-	266,731	(266,731)	-	-	-	-	-
Miscellaneous Deferred Liabilities	560,354	-	-	560,354	424,969	-	-	424,969
Customer Deposits	(3,229)	-	-	(3,229)	3,643	-	-	3,643
Other Post Employment Benefits Obligation	140,840	-	-	140,840	126,242	-	-	126,242
Net Cash Provided by (Used In) Operating Activities	<u>\$ 765,129</u>	<u>\$ 161,815</u>	<u>\$ -</u>	<u>\$ 926,944</u>	<u>\$ 1,163,438</u>	<u>\$ 103,128</u>	<u>\$ -</u>	<u>\$ 1,266,566</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

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

Petty Cash	\$ 1,800	\$ -	\$ -	\$ 1,800	\$ 1,800	\$ -	\$ -	\$ 1,800
Operating Cash	1,868,282	141,153	-	2,009,435	1,810,806	53,097	-	1,863,903
Rate Stabilization Reserve Fund	3,223,969	-	-	3,223,969	2,844,104	-	-	2,844,104
Customer Deposits Cash	135,260	-	-	135,260	138,490	-	-	138,490
Insurance Reserve Cash	581,319	-	-	581,319	848,089	-	-	848,089
Depreciation Fund	-	-	-	-	210,153	-	-	210,153
Working Capital	928,112	-	-	928,112	917,225	-	-	917,225
	<u>\$ 6,738,742</u>	<u>\$ 141,153</u>	<u>\$ -</u>	<u>\$ 6,879,895</u>	<u>\$ 6,770,667</u>	<u>\$ 53,097</u>	<u>\$ -</u>	<u>\$ 6,823,764</u>

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WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATING SCHEDULES OF ELECTRIC UTILITY PLANT IN SERVICE
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>			<u>2010</u>				
	Balance January 1, 2011	Increases	Decreases	Balance December 31, 2011	Balance January 1, 2010	Increases		Decreases
Capital Assets Not Being Depreciated:								
Land	\$ 666,428	\$ -	\$ -	\$ 666,428	\$ 666,428	\$ -	\$ -	\$ 666,428
Construction in Progress	-	3,126	-	3,126	-	-	-	-
Capital Assets Not Being Depreciated	<u>666,428</u>	<u>3,126</u>	<u>-</u>	<u>669,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Assets Being Depreciated:								
Distribution Plant	4,924,799	277,001	-	5,201,800	4,698,236	233,037	(6,474)	4,924,799
General Plant	1,729,737	31,702	-	1,761,439	1,794,492	64,779	(129,534)	1,729,737
Generation Plant	1,859,782	9,857	-	1,869,639	-	1,859,782	-	1,859,782
Total	<u>8,514,318</u>	<u>318,560</u>	<u>-</u>	<u>8,832,878</u>	<u>6,492,728</u>	<u>2,157,598</u>	<u>(136,008)</u>	<u>8,514,318</u>
Less Accumulated Depreciation For:								
Distribution Plant	(4,540,489)	(211,450)	-	(4,751,939)	(4,312,932)	(234,031)	6,474	(4,540,489)
General Plant	(1,353,865)	(121,277)	-	(1,475,142)	(1,392,794)	(90,605)	129,534	(1,353,865)
Generation Plant	(11,917)	(74,177)	-	(86,094)	-	(11,917)	-	(11,917)
Total Accumulated Depreciation	<u>(5,906,271)</u>	<u>(406,904)</u>	<u>-</u>	<u>(6,313,175)</u>	<u>(5,705,726)</u>	<u>(336,553)</u>	<u>136,008</u>	<u>(5,906,271)</u>
Capital Assets Being Depreciated, Net	<u>2,608,047</u>	<u>(88,344)</u>	<u>-</u>	<u>2,519,703</u>	<u>787,002</u>	<u>1,821,045</u>	<u>-</u>	<u>2,608,047</u>
Utility Plant Assets, Net	<u>\$ 3,274,475</u>	<u>\$ (85,218)</u>	<u>\$ -</u>	<u>\$ 3,189,257</u>	<u>\$ 1,453,430</u>	<u>\$ 1,821,045</u>	<u>\$ -</u>	<u>\$ 3,274,475</u>

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WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF ELECTRIC OPERATING AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
POWER PRODUCTION EXPENSES:		
Purchased Power	\$ 4,729,831	\$ 4,210,054
Transmission and Other Purchased Power Charges	877,914	1,509,131
TOTAL POWER PRODUCTION EXPENSES	5,607,745	5,719,185
DISTRIBUTION EXPENSES:		
Operation Labor	688	7,763
Miscellaneous Distribution Expense	36,229	42,059
Line Expenses	90,652	131,837
Maintenance Expense	120,086	141,124
Supplies Expense	33,161	30,341
TOTAL DISTRIBUTION EXPENSES	280,816	353,124
CUSTOMER ACCOUNTS:		
Customer Accounting and Collection	142,721	143,235
Meter Reading Expenses	15,845	15,681
Uncollectible Accounts	16,316	10,336
TOTAL CUSTOMER ACCOUNTS	174,882	169,252
GENERAL AND ADMINISTRATIVE EXPENSES:		
Administrative and General Salaries	194,140	133,118
Office Supplies and Expenses	48,769	41,843
Outside Services Employed	218,758	84,595
Injury and Damage Insurance	69,751	64,238
Employees Pensions and Benefits	442,689	439,221
Dues, Meetings, and Other General Expenses	75,590	46,881
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	1,049,697	809,896
TOTAL OPERATING AND MAINTENANCE EXPENSES	\$ 7,113,140	\$ 7,051,457

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WEST BOYLSTON MUNICIPAL LIGHTING PLANT AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF SALES OF ELECTRICITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Net Revenues			Kilowatt Hours Sold			Net Revenue Per Kilowatt Hours Sold	
	2011	2010	Increases (Decreases)	2011	2010	Increases (Decreases)	2011	2010
Sales of Electricity								
Residential Sales	\$ 3,050,661	\$ 3,088,977	\$ (38,316)	25,089,393	25,049,862	39,531	\$ 0.1216	\$ 0.1233
Commercial Sales	2,934,706	2,927,906	6,800	21,585,536	21,444,278	141,258	0.1360	0.1365
Industrial Sales	970,283	1,018,948	(48,665)	7,982,394	8,185,408	(203,014)	0.1216	0.1245
Private Lighting	69,534	68,715	819	313,897	315,147	(1,250)	0.2215	0.2180
Total Private Customers	<u>7,025,184</u>	<u>7,104,546</u>	<u>(79,362)</u>	<u>54,971,220</u>	<u>54,994,695</u>	<u>(23,475)</u>	<u>0.1278</u>	<u>0.1292</u>
Municipal Sales								
Street Lighting	65,592	75,536	(9,944)	581,054	715,470	(134,416)	0.1129	0.1056
Municipal Buildings	231,454	233,381	(1,927)	1,528,465	1,776,541	(248,076)	0.1514	0.1314
Total Municipal Sales	<u>297,046</u>	<u>308,917</u>	<u>(11,871)</u>	<u>2,109,519</u>	<u>2,492,011</u>	<u>(248,076)</u>	<u>0.1408</u>	<u>0.1240</u>
Total Sales of Electricity	<u>\$ 7,322,230</u>	<u>\$ 7,413,463</u>	<u>\$ (91,233)</u>	<u>57,080,739</u>	<u>57,486,706</u>	<u>(271,551)</u>	<u>\$ 0.1283</u>	<u>\$ 0.1290</u>

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