



HINGHAM MUNICIPAL LIGHTING PLANT

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General Manager
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Laura Burns, Chair
Michael Reive, Vice-Chair

MEETING MINUTES

DATE: June 13, 2022
PLACE: Remote meeting via Zoom
ATTENDEES (in person): Laura Burns, Thomas Morahan, Mark Fahey
ATTENDEES (via Zoom): Joan Griffin, Tracy Vaughn (GSA), Jim Goulet (GSA), Michael Reive

Documents: Hingham Municipal Lighting Plant Financial Statements for December 31, 2021 and 2020
Hingham Municipal Lighting Plant Internal Control Report Years ended December 31, 2021 and 2020

Laura Burns called the meeting to order at 9:00 am. This meeting is being recorded.

The only item on the agenda is to review the audited financial statements.

Hingham Municipal Lighting Plant Financial Statements for December 31, 2021 and 2020

- *Independent Auditor's Report*
 - Mr. Goulet, Auditor for Goulet, Salvidio & Associates, stated that it is his opinion that the statements present fairly. He did mention that the pension reporting is **not** up to date but HMLP has its own system and it is just as expected.
- *Management's Discussion and Analysis*
 - Mr. Goulet stated that the report is "done well." The information is "concise and to the point". The MD&A is not audited
- *Pg 8 Operating Fund – Assets and Deferred Outflows of Resources*
 - This is a snapshot in time.
 - Cash account is healthy (\$7 million)
 - Good progress on collection of overdue accounts
 - Decrease in Total Current Assets is due to the sale of solar renewable energy credits
 - Deferred Outflows of Resources are for OPEB and Pension plans. These have a 5 year amortization
- *Pg 9 Operating Fund – Liabilities, Deferred Inflows of Resources and Net Position*
 - A/P is very consistent
 - Net Pension Liability - significant amount. The year to year difference is due to the change in assumptions. Net change is amortized over 5 years.
 - Net Position - \$50 million - in very good shape
- *Pg 10-12 Operating Fund*
 - Almost the exact same as last year
 - Operating income is slightly higher than last year

There was a disruption in the Zoom connection. Ms. Burns questions collections (pg 44) \$83 last year to \$4347. This is a single commercial customer that was written off. As stated by Ms. Griffin, this is **not** due to residential customers that are in trouble. Customer Service Representatives effectively manage of all the accounts and they work with everyone.

- *Pg 10-12 Operating Fund (continued)*
 - Statement of Cash Flow is critical and broken down into activities and we are able to pay our bills and not be behind in anything.
 - The decision to transfer \$1.5 million to the Green Fund came in 2020. It could be kept in an Operating Fund as well.
 - Rate Stabilization Fund can be used as an internal loan for an unexpected event. It can be used for anything to stabilize rates. Mr. Goulet recommends that a schedule of repayment would have to be set up.
 - Ms. Burns questions whether we notified ENE that we will not be purchasing any additional renewable energy credits. Mr. Morahan stated that ENE has been notified.
- *Pg 13 Other Post Employment Benefit (OPEB) Trust Fund*
 - Adequately funded
- *Pg 14-Pg 16 Note 1: Summary of Significant Accounting Policies*
 - No new pronouncements
- *Pg 16-Pg 17 Note 2: Concentration of Credit Risk*
 - Nothing new since last year
- *Pg 17 Note 3: Insurance Reserve Fund*
 - Nothing new since last year
- *Pg 17 Note 4: Rate Stabilization Fund*
 - Fund can be used for anything that the Board determines to stabilize rates
 - Can be used as a loan (capital project) or expense (no effect on profit/loss)
- *Pg 18-Pg 19 Note 5: Depreciation Fund*
 - Level 1, 2 and 3 are investments that are rated by risk. All our funds are Level 1.
- *Pg 19 Note 6: Other Receivables*
 - Solar renewable energy credits are not receivable this year
- *Pg 20 Note 7: Purchased Power Working Capital*
- *Pg 20 Note 9: Related Party*
 - Discloses all payments to and from the town.
- *Pg 21 Note 10: Net Investment in Capital Assets*
 - Mr. Morahan questioned the item of “Land” for \$434,863. We do not own the land so Ms. Vaughn will look into this item. It may have to do with land rights.
- *Pg 21 Note 11: Utility Plant Assets*
 - No changes
- *Pg 22 Note 12: Leases*
 - No changes
- *Pg 22 Note 13: Pension Plan*
 - Discussion of the Change of Assumptions
 - One of the major factors is the discount rate which is at 7.4%
- *Pg 27 Note 14: Other Post Employment Benefit (OPEB) Trust Fund*
 - Different levels of investment. All conservative and well rated.
 - We are 61.39% funded and that is very strong.
 - 1% increase in the cost of healthcare.
- *Pg 32-Pg 33 Note 15: Other Post Employment Benefit (OPEB)*
 - These are the OPEB benefits.
- *Pg 34 Note 16: Risk Management*
 - Self-Insurance Trust - we are in good shape
- *Pg 34-Pg 38 Note 17: Commitments and Contingencies*
 - We have obligations for commitments. Commitments are almost all paid off so that keeps HMLP in a very good position.
- *Required Supplementary Information – Net Pension Liability – Operating Fund*
 - This schedule will reflect 10 years starting next year.
- *Required Supplementary Information – Schedules of Changes in the Net OPEB Liability – Operating and OPEB Trust Fund*
 - This schedule will reflect 10 years starting next year.
- *Required Supplementary Information – Schedules of Net OPEB Liability, Employer Contributions and Investment Returns – Operating and OPEB Trust Fund*
 - Discount rate decreased from 7% to 6.6%

Ms. Burns asked if there were any questions or comments from those on Zoom and there was no response.

Hingham Municipal Lighting Plant Internal Control Report Years Ended December 31, 2021 and 2020

According to Jim, there are no new deficiencies and the finances are in great shape. He explained that since auditors are not involved in the day-to-day accounting practices at Hingham Light and the documents are prepared by the client, this practice can be viewed as a potential weakness. Ms. Burns has sought to remove these deficiency statements when she was on other boards; however, Ms. Vaughn stated that there is no chance that these comments will ever come off the statements.

No vote is needed to accept these reports. Motion to adjourn at 9:42 am, approved unanimously