

**Cape Light Compact  
Executive Committee &  
Governing Board Meeting**

**DATE:** Wednesday, October 14, 2020  
**TIME:** 2:00 – 4:30 p.m.

**Note:** The meeting will be held through remote participation pursuant to Massachusetts Governor Charles D. Baker's Order Suspending Certain Provisions of the Open Meeting Law on March 12, 2020. Members of the Public can join in by audio and follow along with Meeting Materials, see the information below. All public comments should be submitted to Maggie Downey, Compact Administrator, at [mdowney@capelightcompact.org](mailto:mdowney@capelightcompact.org) by 2:00 PM on Tuesday, October 13, 2020 and should follow the public comment protocol below. Public comments received after the October 13<sup>th</sup> deadline will be distributed prior to the Compact's next Board meeting.

**Telephone dial-in: +1 (646) 558-8656**

**Meeting ID: 841-0185-7244**

**Further instructions are attached to this agenda.**

**AGENDA**

1. Public Comments - Written Only
2. Approval of September 9, 2020 Open Session Minutes
3. Chairman's Report, Ron Zweig: Discuss Changing the Time of Board Meetings to early evening while holding meetings remotely, potential vote
4. Presentation: Draft Cape Light Compact JPE 2019 Audited Financial Statements, Christopher Rogers, Clifton Larson Allen, LLP
5. 2020 Operating and Energy Efficiency Budget Reports, Maggie Downey
6. Power Supply Update
  1. RFP for Municipal Electric Accounts, Austin Brandt
  2. Discuss Request from Truro Resident: Should CLC Local Green Options be a Zero Carbon Option? Potential vote
7. Update on Energy Efficiency Programs
  1. Update on Small Business Offerings, Lindsay Henderson
  2. Overview of Proposed 2021 Energy Efficiency Surcharge, Phil Moffitt
8. Administrator's Report, Maggie Downey:
  1. Update on Rural Energy Savings Program (RESP) loan from the Rural Utilities Service (RUS), potential vote on Resolution.
  2. Cape Cod Municipal Health Group Disclosure of Financial Interest Form
  3. Update on Potential Energize Cape & Vineyard Effort
  4. November and December Board Meetings – Need to Reschedule Dates
  5. Proposed Cape and Vineyard Meeting of Energy/Climate Stakeholders

6. Update on Executive Session Meeting Minutes and the MA Open Meeting Law
9. Board Member Update (Reserved for Updates on Member Activities the Chair Did Not Reasonably Anticipate Would be Discussed – No Voting)
10. Roll Call Vote to Adjourn the Meeting

**Chairman's Public Comment Protocols  
for the October 14, 2020 Compact Governing Board Meeting**

The Chair, pursuant to his authority under G.L. c. 30A, §20, and consistent with Governor Baker's Emergency "Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, §20," issued on March 12, 2020, announces the following protocols to assist the public in effective participation in the October 14, 2020 Compact Board meeting, where all Board Members, staff and members of the Public shall be participating remotely:

1. All public comments shall be submitted in writing to the Compact Administrator, Maggie Downey, at [mdowney@capelightcompact.org](mailto:mdowney@capelightcompact.org) by 2:00 PM on Tuesday, October 13, 2020. Written comments must include a person's name and, if appropriate, the name of the organization the person is representing. Public comments received after the July 7<sup>th</sup> deadline will be distributed prior to the Compact's next Board meeting.
2. Public comment must be respectful, courteous, and presented in a dignified manner. All remarks must also be free of personal attacks.
3. All public comments consistent with these protocols shall be included in the Compact's Board meeting packet.
4. Board members and staff shall not respond to public comment during the Compact's Board meeting.
5. Copies of the Board meeting packet shall be made available to members of the public on Wednesday, October 14, 2020 at the Cape Light Compact JPE's web site at [www.capelightcompact.org](http://www.capelightcompact.org). Documents exempt from disclosure pursuant to the Public Records Law or protected by the attorney-client privilege shall not be included.

**Cape Light Compact JPE  
Governing Board  
Meeting Minutes  
Wednesday, September 9, 2020**

Pursuant to Massachusetts Governor Charles D. Baker's Order Suspending Certain Provisions of the Open Meeting Law on March 12, 2020, the Cape Light Compact JPE Board of Directors met on Wednesday, September 9, 2020 at 2pm. The meeting was held through a Zoom videoconference for members of the Board with audio call-in available for members of the public.

**Participating Remotely Were:**

1. Forrest Filler, Aquinnah
2. David Anthony, Secretary/Executive Committee, Barnstable
3. Robert Schofield, Executive Committee, Bourne
4. Colin Odell, Brewster
5. Peter Cocolis, Executive Committee, Chatham
6. Timothy Carroll, Chilmark
7. Brad Crowell, Dennis
8. Erik Peckar, Dukes County
9. Fred Fenlon, Eastham
10. Alan Strahler, Edgartown
11. Ronald Zweig, Chair/Executive Committee, Falmouth
12. Valerie Bell, Harwich
13. Martin Culik, Executive Committee, Orleans
14. Nathaniel Mayo, Provincetown
15. David Mead-Fox, Wellfleet Alternate
16. Sue Hruby, West Tisbury
17. Joyce Flynn, Vice Chair/Executive Committee, Yarmouth

**Absent Were:**

1. Wayne Taylor, Mashpee
2. Leanne Drake, Sandwich
3. Richard Toole, Executive Committee, Oak Bluffs
4. Kirk Metell, Tisbury
5. Jarrod Cabral, Truro
6. Richard Elkin, Wellfleet

**Legal Counsel Participating Remotely:**

Jeffrey Bernstein, Esq., BCK Law, P.C.

**Staff Participating Remotely:**

Austin Brandt, Senior Power Supply Planner  
Briana Kane, Residential Program Manager  
Dan Schell, Marketing and Communications Coordinator  
Maggie Downey, Administrator  
Melissa Allard, Senior Administrative Coordinator

**Public Participants:**

None.

**Open Session Vote on entry into Executive Session pursuant to M.G.L. c. 30A §§21(a) (10) to discuss matters below, to return to open session:**

*Ron Zweig at 2:02 PM moved to enter into Executive Session pursuant to M.G.L. c. 30A §21(a)(10) to discuss trade secrets and confidential, competitively sensitive, or other proprietary power supply information related to a proposed Low-Income Community Solar project.*

*Ron Zweig declared that an open session may have a detrimental effect on Cape Light Compact's ability to conduct business in relation to other entities making, selling or distributing electric power and energy and that the consideration of the purchase, exchange, lease or value of electricity will have a detrimental effect on Cape Light Compact's negotiation position as a public body. The Governing Board would return to Open Session at the conclusion of Executive Session. Seconded by Joyce Flynn.*

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Brad	Crowell	Dennis	Yes
Erik	Peckar	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Ron	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Nate	Mayo	Provincetown	Yes
David	Mead-Fox	Wellfleet	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (12-0-0)*

**Martin Culik joined meeting at 2:07 PM.**

**Sue Hruby joined meeting at 2:11 PM.**

**Forest Filler joined meeting at 2:17 PM.**

**Tim Carroll joined meeting at 2:36 PM.**

**Return to Open Session**

*At 2:44 PM, Ron Zweig asked for a motion to end executive session, moved by Martin Culik, seconded by Robert Schofield.*

Forrest	Filler	Aquinnah	Yes
David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes

Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Timothy	Carroll	Chilmark	Yes
Brad	Crowell	Dennis	Yes
Erik	Peckar	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Ron	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
David	Mead-Fox	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (16-0-0)*

**PUBLIC COMMENT:**

There were no members of the public present and no public comments were submitted to the Board in writing under the public comment guidelines.

**APPROVAL OF MINUTES:**

The Board considered the July 8, 2020 Open Session Meeting Minutes.

David Anthony pointed out that Dukes County did not vote in the two votes after the approval of minutes vote and asked if that was correct. Jeff Bernstein stated that it was correct, Dukes County is not permitted to vote on certain matters pursuant to Article I(E) and Article V(B) of the Joint Powers Agreement including aggregated power supply, energy efficiency plans and programs or other such matters committed to municipal aggregators.

David Anthony stated on page three, the title halfway down the page should read “Presentation on Recent Solar Massachusetts Renewable target (SMART) Program Regulations: Low- Income Community Shared Solar (LICSS), Austin Brandt. Potential vote in support of SMART LICSS projects.”

David Anthony stated on page four, six lines down in the italicized section, it should say “Board of Directors.”

*Martin Culik moved the Board to accept the minutes as amended and to release them as amended, seconded by Robert Schofield.*

Forrest	Filler	Aquinnah	Yes
David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Timothy	Carroll	Chilmark	Yes
Brad	Crowell	Dennis	Abstained

Erik	Peckar	Dukes County	Yes
Alan	Strahler	Edgartown	Yes
Ron	Zweig	Falmouth	Abstained
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
David	Mead-Fox	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (14-0-2)*

**CHAIRMAN’S REPORT, RON ZWIG: HOME ENERGY REPORTS:**

Ron Zweig reviewed his Home Energy Report he received in the mail.

Briana Kane stated that when the OPower letters first went out there was a lot of inaccurate data which led to customer confusion. The Compact put a pause on the letters, but another one went out in error. The Compact has worked with OPower to refine the data by adjusting the algorithm, looking at third party data and setting a maximum kWh. The letters resumed in March 2020 at the beginning of COVID-19. Those letters did not have the kWh comparisons on them. The reactions to the 2020 letters have been more positive than last year. Briana stated that customers can call in and update the information about their home.

Martin Culik thanked the Compact for reviewing the reports. He stated he received one at the end of June and there were no energy usage comparisons. Briana Kane stated that the Compact did that to have an informational message during COVID-19. Many people are at home, therefore using more energy during these times. The September report will resume the kWh comparisons.

**Tim Carroll left meeting at 3:20 PM.**

**2020 OPERATING AND ENERGY EFFICIENCY BUDGET REPORTS:**

Peter Cocolis stated that 35% of the Energy Efficiency Budget has been spent. The Compact usually has spent more at this point; however, COVID-19 has impacted the Energy Efficiency Budget. He stated that the Compact has started to work on the process for its annual budget reconciliation, Energy Efficiency Reconciliation Factor (EERF). The EERF also, determines what the energy efficiency budget should be for the following year.

Peter Cocolis stated that the Compact has spent 53% of the Operating Budget. This is about where the Compact would be at this point of the year.

**Brad Crowell left meeting at 3:26 PM.**

**UPDATE ON ENERGY EFFICIENCY PROGRAMS:**

**1. Proposed Dehumidifier Turn-In Event, Dan Schell**

Dans Schell reviewed the Appliance Recycling Updates PowerPoint Slide. He stated that 158 dehumidifiers were turned in at the event held at KAM Appliances in Hyannis on August 22<sup>nd</sup> and 9 new ones were purchased. He stated that another turn-in event was going to be held on September 19<sup>th</sup> at the Mid-Cape Home Center in Dennis. The Compact is hoping a few more turn-in events will be scheduled.

Dan Schell stated the incentive for fridge and freezer recycling has been increased from \$75 to \$125 through the end of October.

## **2. Update on Cape and Vineyard Electrification Offering (CVEO), MA Department of Public Utilities (DPU) 20-40, Austin Brandt**

Austin Brandt stated the DPU is reviewing the CVEO docket and asking Information Requests (IRs) of the Compact. The Compact has submitted answers to the first round of (IRs). Any updates will be sent to the Board. The Compact is hoping to get an approval order soon because the tax credits may disappear at the end of the year.

## **Review Residential and Commercial Offering Extension Dates, Maggie Downey**

Maggie Downey reviewed the Energy Efficiency Program Updates PowerPoint. She stated for customers to be eligible for the 100% insulation incentive they must sign-up for a home energy assessment by September 30<sup>th</sup> and sign the contract for recommended measures and install the measurers by March 31<sup>st</sup>. Also, small business enhanced incentives have been extended through the end of November.

## **ADMINISTRATOR'S REPORT, MAGGIE DOWNEY:**

### **1. Update on Rural Energy Savings Program (RESP) loan from the Rural Utilities Service (RUS), potential vote**

Maggie Downey reviewed the U.S. Department of Agriculture (USDA) Rural Energy Savings Program (RESP) PowerPoint. She stated the Compact submitted a letter of intent back in May and it was approved. The Compact has been invited to proceed with the loan application that is due on November 16<sup>th</sup>, 2020. She stated that the Compact has begun to draft the required documents for the RESP loan application. Several documents will be brought back to the Board at the October meeting for review, discussion and a vote.

Martin Culik asked if the loans would be 0% or low interest. Maggie Downey stated that if the Compact could use the Energy Efficiency funds then it could be 0%, but the Compact does not currently have DPU approval to use energy efficiency funds. Therefore, the Compact is trying to keep the interest low at around 1-3%. Martin Culik asked why the Compact is waiting until October's Board Meeting to vote on the application. Maggie Downey answered that she wants to bring the required documents, such as a Resolution, back to the Board in October, but wanted to confirm that the Board wanted to move forward first.

Erik Peckar asked if the Compact is approved, when would the funds be released. Maggie Downey stated that she asked that question and RUS stated it would be in early 2021.

Martin Culik asked if this would be the same process as the HEAT Loan. Maggie Downey answered yes, but the difference is it would be between the Compact and customer, not the customer and bank and there would be an interest rate associated with this loan.



Martin Culik stated that with his previous work with USDA, it is helpful to get members of the Congressional delegation involved. He asked if they have been made aware of what the Compact is doing. Maggie Downey agreed and asked the Board for help in this area.

*Martin Culik moved the CLCJPE Board of Directors vote to support preparation of the documents required by the US Department of Agriculture's Rural Energy Savings Program by Compact staff, with advice from legal counsel, consultants and auditors as necessary, as part of its loan application.*

*The Compact Administrator is authorized and directed to take all actions necessary or appropriate to implement this vote, and to execute and deliver all documents as may be necessary or appropriate to implement this vote. Seconded by Joyce Flynn.*

Forrest	Filler	Aquinnah	Yes
David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Alan	Strahler	Edgartown	Yes
Ron	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
David	Mead-Fox	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (13-0-0)*

## **2. Update on COVID Plan for Compact Office for last quarter of 2020**

Maggie Downey stated that she is in the office every day. Most of the staff is continuing to work remotely. This is similar to other utility Program Administrators as well. She stated meetings will continue to be held with Zoom unless Governor rescinds his open meeting law emergency order.

## **3. Request to Offer a Vacation Buy-Back for Compact Staff, potential vote**

Maggie Downey stated that five staff members are interested in vacation buy-back. It would be a total of approximately \$17,000. Many staff have not used vacation days due to COVID-19. David Anthony asked if the terminology was correct. Buy-back usually means staff can buy vacation time. Maggie Downey stated that she is using the same terminology as in the Compact's policies and procedures manual. Peter Cocolis stated that it is the responsible thing to do.

Joyce Flynn moved the motion and Peter Cocolis seconded it.

Martin Culik asked if it was available to all staff. Maggie Downey stated that was correct. Martin Culik stated that the word "all" should be placed between "allow" and "Compact employees." David Anthony stated that wording should be added to specify this is a one-time opportunity. The Compact Administrator can bring back

this issue to the Board if the situation continues in the future. Maggie Downey stated that that was a good point. Jeffrey Bernstein suggested some revisions to put the motion into proper legal form. Joyce Flynn withdrew the motion and offered a revised motion which was seconded by Peter Cocolis.

*Joyce Flynn moved the CLCJPE Board of Directors vote to waive section 8.3(l) of the CLCJPE Policies and Procedures Manual and allow all Compact employees to buy-back up to 10 days of their existing accrued vacation days, on, or before September 30, 2020.*

*The Compact Administrator is authorized and directed to take all actions necessary or appropriate to implement this vote, and to execute and deliver all documents as may be necessary or appropriate to implement this vote. Seconded by Robert Schofield.*

Forrest	Filler	Aquinnah	Yes
David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Alan	Strahler	Edgartown	Yes
Ron	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
David	Mead-Fox	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (13-0-0)*

#### **4. Update on Potential Energize Cape & Vineyard Effort**

Maggie Downey informed the Board that she is working with several town representatives on the potential of offering the same type of program, energy efficiency, Solar PV, Cold Climate Air Source Heat Pumps and Battery storage, that was offered in the four Outer Cape towns.

#### **5. Update on DPU 20-69, Investigation by the Department of Public Utilities on its own Motion into the Modernization of the Electric Grid – Phase Two (Customer-facing Grid Modernization investments, including time varying rates and advanced metering functionality)**

Maggie Downey stated that this is related to the Grid Modernization docket that the Compact participated in several years ago and has been monitoring. The Compact's comments in this docket focused primarily on recommending that the program be available to all customers and not limited to Eversource Basic Service customers. Compact staff will keep the Board updated as this moves forward.

#### **PRESENTATION ON YARMOUTH MUNICIPAL VULNERABILITY PLAN (MVP) GRANT. REPRESENTATIVES FROM RIVERMOOR ENERGY, TOWN OF YARMOUTH, WESTON & SAMPSON, AND CLC STAFF:**

Dan Knapik, Yarmouth Town Manager, reviewed the Municipal Vulnerability Preparedness Case Study for Cape Light Compact's Board PowerPoint. The Town of Yarmouth was awarded an MVP grant for \$150,000. After the snowstorms in 2018 and tornadoes in 2019, it was apparent that if the Town were to lose electricity for a long period of time it would be very detrimental to the community. Wastewater treatment plants and the fire station are the two locations the Town chose at which to use the grant funds. The Town is looking to integrate a fiber optic system, along with solar and battery storage.

Jeff Colby continued to review the PowerPoint. He stated that some storm driven outages have lasted up to 10 days, and that this project would shorten the outage period and reduce greenhouse gases and operational costs.

Steve Roy reviewed the MVP Action Grant Planning Projects: Fire Station 3 slide. A 264 kW solar carport system, 180 kWh battery storage system, and new Energy management System would be installed. It also has an existing back-up generator.

Steve Roy reviewed the MVP Action Grant Planning Projects: Regional Septic Waste and Transfer Station Campus slide. 1,200 kW of ground-mounted solar and 900 kWh battery storage system would be installed. There is an existing back-up generator. Also, a new energy management system would be installed.

Austin Brandt reviewed the Cape Light Compact – Partnership with Yarmouth and Connected Solutions Program slide. He stated that both battery units installed as part of the resiliency project will participate in Compact's Connected Solutions demand response program. It will discharge 8-10 times per summer. This will provide cost-effective demand reductions. He stated that the Compact is excited to work with the Town. John Tourtelotte stated that the information learned from this project will help with the process of future ones on Cape Cod. He stated that without leadership case studies such as this one, additional projects of this type would not be as successful.

Steve Roy reviewed the Weston & Sampson Engineering and Rivermoor Energy – Partnership with Yarmouth slide.

Amanda Kohn reviewed the Yarmouth Lessons Learned slide. She stated that they have enjoyed working with the Compact and bringing together different levels of expertise. Also, she discussed how everyone is working to put the needs of the community first.

Sue Hruby stated that she was impressed with the presentation. She stated that West Tisbury received a resiliency grant as well and is just getting started. She stated that she would love to follow up with Yarmouth and Austin Brandt to go over it. Austin Brandt stated he would be the point of contact.

**ADJOURNMENT:**

*Motion to adjourn made at 4:26 PM moved by Robert Schofield, seconded by Joyce Flynn.*

Forrest	Filler	Aquinnah	Yes
David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Peter	Cocolis	Chatham	Yes
Erik	Peckar	Dukes County	Yes

Alan	Strahler	Edgartown	Yes
Ron	Zweig	Falmouth	Yes
Valerie	Bell	Harwich	Yes
Martin	Culik	Orleans	Yes
Nate	Mayo	Provincetown	Yes
David	Mead-Fox	Wellfleet	Yes
Sue	Hruby	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

*Motion carried in the affirmative (14-0-0)*

Respectfully submitted,

Melissa Allard

**LIST OF DOCUMENTS AND EXHIBITS:**

- Meeting Notice/Agenda
- July 8, 2020 Draft Meeting Minutes
- 2020 Operating Budget
- 2020 Energy Efficiency Budget
- Appliance Recycling Updates PowerPoint Slide
- Energy Efficiency Program Updates PowerPoint
- U.S. Department of Agriculture (USDA) Rural Energy Savings Program (RESP) PowerPoint
- Municipal Vulnerability Preparedness Case Study for Cape Light Compact's Board PowerPoint

# Cape Light Compact JPE

2019 Audit Exit Conference  
October 14, 2020



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor



*Create Opportunities*

# Agenda

- Terms of Engagement
- Executive Summary
- Financial Highlights
- Future GASB Implementation
- Questions



# Terms of Engagement

- Express an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP
- Express an in relation to opinion on the supplementary information (combining statements and expense reconciliation to DPU)
- Provide a report on internal control over financial reporting and compliance with laws, regulations, contracts and grants



## Executive Summary

- Restatement of Beginning Net Position for change in OPEB measurement date (mid-year to year-end)
  - Decrease of approximately \$60k
- Net position totals \$6.5M
- No material weaknesses or significant deficiencies reported
- Four (4) management letter comments





# Financial Highlights

Statement of Net Position				
	<u>2019</u>	<u>2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$15.5M	\$18.2M	(\$2.7M)	(15%)
Receivables and Other Assets	\$4.0M	\$5.8M	(\$1.8M)	(31%)
Capital Assets, net	\$0.3M	\$0.4M	(\$0.1M)	(25%)
<b>Deferred Outflows – Pension &amp; OPEB</b>	\$1.4M	\$0.9M	\$0.5M	56%
<b>Liabilities</b>				
Accounts Payable and Accrued Expenses	\$8.4M	\$5.6M	\$2.8M	50%
Net Pension Liability	\$3.4M	\$3.2M	\$0.2M	6%
Net OPEB Obligation	\$2.4M	\$1.8M	\$0.6M	33%
<b>Deferred Inflows – Pension &amp; OPEB</b>	<u>\$0.5M</u>	<u>\$0.5M</u>	\$0M	0%
<b>Net Position</b>	<u>\$6.5M</u>	<u>\$14.2M</u>	(\$7.7M)	(54%)



# Financial Highlights

## Statement of Revenues, Expenses and Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>Operating Revenues</b>				
Energy Efficiency	\$28.1M	\$30.4M	(\$2.3M)	(8%)
Mil-adder	\$0.9M	\$0.9M	\$0.0M	0%
Intergovernmental	\$0.8M	\$1.0M	(\$0.2M)	(20%)
Other	\$0.0M	\$0.0M	\$0.0M	0%
<b>Operating Expenses</b>				
Salaries and Benefits including Pension and OPEB	\$2.4M	\$2.2M	\$0.2M	9%
Energy Efficiency	\$39.6M	\$37.3M	\$2.3M	6%
Legal and Related Consulting	\$0.6M	\$1.0M	(\$0.4M)	(40%)
Other	\$1.6M	\$1.1M	\$0.5M	45%



# Financial Highlights

## Statement of Revenues, Expenses and Changes in Net Position (Continued)

	<u>2019</u>	<u>2018</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Forward Cap Market	\$6.5M	\$5.9M	\$0.6M	10%
REC's and Investment Income	\$0.2M	\$0.2M	\$0.0M	0%
<b>Change in Net Position</b>	<b>(\$7.7M)</b>	<b>(\$3.4M)</b>	<b>(\$4.3M)</b>	<b>(126%)</b>



# Financial Highlights

- Note 6 – Pension Plan (Pg. 17-20)
  - Net Pension Liability totals \$3,429,747
    - ◇ Measured as of December 31, 2019
    - ◇ Compact's proportionate share totals 0.434% (0.471% PY)
    - ◇ Pension Expense: \$388,279
  - Discount rate sensitivity (7.375%)
    - ◇ Increase 1% - \$2,631,969
    - ◇ Decrease 1% - \$4,378,162



# Financial Highlights

- Note 7 – OPEB (Pg. 21-23)
  - Total OPEB Liability is \$2,389,443
    - ◇ Measured as December 31, 2019
    - ◇ Pension Expense: \$199,045
  - Discount rate sensitivity (2.74%)
    - ◇ Increase 1% - \$2,002,724
    - ◇ Decrease 1% - \$2,852,481
  - Healthcare cost trend rate sensitivity (starting at 7%)
    - ◇ Increase 1% - \$3,006,756
    - ◇ Decrease 1% - \$1,933,260



# Financial Highlights

- Note 10 – Commitments (pg. 24)
  - Commitment to deliver specified units of energy efficiency to ISO NE Forward Capacity Market (FCM)
    - ◇ \$2M letter of credit to meet financial assurance requirements of FCM
      - Secured by \$2M line of credit
  - Power Purchase Agreement (PPA) with future solar facility (owned by Farmington Solar, LLC)
    - ◇ 20-year commitment from commercial operation date
    - ◇ Letter of credit required that ranges from \$5M in year one to \$219k in final year of operation



# Management Letter

- Information security
- Reconciliation of cash and accounts payable
- Accounts receivable
- Grant accounting



# Questions







CliftonLarsonAllen LLP  
CLAconnect.com

Board of Directors  
Cape Light Compact JPE  
South Yarmouth, Massachusetts

We have audited the financial statements of the Cape Light Compact JPE as of and for the year ended December 31, 2019, and have issued our report thereon dated September 2, 2020. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cape Light Compact JPE are described in Note 2 to the financial statements.

As described in Note 2, the Compact has elected to change the measurement date of the liability reported under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, the Compact reported a restatement for the change in accounting principle.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

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

- Management's estimate of the Total OPEB Liability reported is based on an actuarial valuation, which contains multiple assumptions regarding mortality, retirement, etc. We evaluated the key factors and assumptions used to develop the Total OPEB Liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the Net Pension Liability reported for financial reporting purposes, among other things, was based on an actuarial valuation, which contains multiple assumptions regarding mortality, retirement, etc. We evaluated the key factors and assumptions used as part of the actuarial valuation in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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

***Difficulties encountered in performing the audit***

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

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

***Corrected misstatements***

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were required as correction of errors as well as to convert the Cape Light Compact JPE's cash basis trial balance to a financial statement presented in accordance with governmental GAAP. Management has accepted responsibility for such adjustments in its management representation letter.

***Disagreements with management***

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

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated September 2, 2020.

***Management consultations with other independent accountants***

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

***Significant issues discussed with management prior to engagement***

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

**Other information in documents containing audited financial statements**

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the combining statements and the reconciliation of Audited Energy Efficiency GAAP Expenses to Department of Public Utilities Report (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated September 2, 2020.

\* \* \*

This communication is intended solely for the information and use of the board of directors and management of Cape Light Compact JPE and is not intended to be, and should not be, used by anyone other than these specified parties



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
September 2, 2020

**SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT**  
**Cape Light Compact JPE**  
**Year Ended December 31, 2019**

**UNCORRECTED ADJUSTMENTS**

**Effect of misstatements on:**

Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
October Warrants/Disbursement (not properly offset)		\$ 33,077		\$ 33,077
Net current year misstatements (Iron Curtain Method)	-	33,077	-	33,077
Net prior year misstatements	-	-	-	-
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ 33,077	\$ -	\$ 33,077
Financial statement totals	<u>\$ 21,195,800</u>	<u>\$ 14,704,454</u>	<u>\$ 6,491,346</u>	<u>\$ (7,656,500)</u>

Client: 093-00001300 - Cape Light Compact JPE  
 Engagement: AUD - 2019 - Cape Light Compact JPE  
 Period Ending: 12/31/2019  
 Trial Balance: 0900.00 - TB  
 Workpaper: 0920.00 - Combined Journal Entries Report  
 Fund Level: All  
 Index: All

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
To record late client entry JNL #102			
00-00-00-00-00-00-00-1009	CC5 - PAYROLL 0752	270.84	
01-00-00-00-00-00-00-1090	POOLED CASH	270.84	
00-00-00-00-00-00-00-1090	POOLED CASH		270.84
01-00-00-00-00-00-00-2192	HEALTH SAVINGS ACCOUNT W/H		270.84
<b>Total</b>		<b>541.68</b>	<b>541.68</b>
<b>Adjusting Journal Entries JE # 2</b>			
To record late client entry JNL #103			
00-00-00-00-00-00-00-1090	POOLED CASH	270.84	
01-00-00-00-00-00-00-2192	HEALTH SAVINGS ACCOUNT W/H	270.84	
00-00-00-00-00-00-00-1009	CC5 - PAYROLL 0752		270.84
01-00-00-00-00-00-00-1090	POOLED CASH		270.84
<b>Total</b>		<b>541.68</b>	<b>541.68</b>
<b>Adjusting Journal Entries JE # 3</b>			
To record late client entry JNL #104			
00-00-00-00-00-00-00-1090	POOLED CASH	270.84	
01-00-00-00-00-00-00-2192	HEALTH SAVINGS ACCOUNT W/H	270.84	
00-00-00-00-00-00-00-1009	CC5 - PAYROLL 0752		270.84
01-00-00-00-00-00-00-1090	POOLED CASH		270.84
<b>Total</b>		<b>541.68</b>	<b>541.68</b>
<b>Adjusting Journal Entries JE # 4</b>			
To record late client entry JNL #105			
00-00-00-00-00-00-00-1090	POOLED CASH	47,737.24	
01-00-00-00-00-00-00-1090	POOLED CASH	47,737.24	
01-01-01-01-01-001-01-00-5171	OP-RETIREMENT	2,650.49	
01-01-01-01-01-001-01-00-5174	OP-MEDICARE/OTHER TAXES	47.51	
01-01-01-01-01-001-01-00-5175	STATE UNEMPLOYMENT INSURANCE	231.72	
01-01-01-01-01-001-01-00-5180	OP-RETIREMENT LIABILITY	1,375.72	
02-01-01-01-01-001-01-00-5173	EEF-AG GROUP INSURANCE	5,916.09	
02-01-01-01-01-001-01-00-5179	EEF-AG MISC FRINGES	207.30	
02-01-01-01-01-001-01-00-5181	EEF-AG OPEB	2,632.20	
02-01-01-01-01-001-01-00-5210	EEF-AG UTILITIES	210.22	
02-01-01-01-01-001-01-00-5272	EEF-AG RENT	16,613.08	
02-01-01-01-01-001-01-00-5290	EEF-AG CUSTODIAL SERVICES	2,843.64	
02-01-01-01-01-001-01-00-5314	EEF-AG PAYROLL SERVICES	1,460.70	
02-01-01-01-01-001-01-00-5316	EEF-AG AUDIT FEES	3,203.65	
02-01-01-01-01-001-01-00-5318	EEF-AG TREASURY SERVICES	3,254.14	
02-01-01-01-01-001-01-00-5344	EEF-AG INTERNET	4,131.44	
02-01-01-01-01-001-01-00-5732	EEF-AG SFW LICENSES WEB SERV	1,798.02	
02-01-01-01-01-001-01-00-5741	EEF-AG INSURANCE	4,476.58	
02-01-01-01-01-001-01-00-5854	EEF-AG FINANCIAL SOFTWARE	5,295.62	
00-00-00-00-00-00-00-1090	POOLED CASH		47,737.24
01-01-01-01-01-001-01-00-5173	OP-GROUP INSURANCE		5,916.09
01-01-01-01-01-001-01-00-5179	OP-MISC FRINGES		207.30
01-01-01-01-01-001-01-00-5181	OP-OPEB LIABILITY		2,632.20
01-01-01-01-01-001-01-00-5210	OP-UTILITIES		210.22
01-01-01-01-01-001-01-00-5272	OP-RENT		16,613.08
01-01-01-01-01-001-01-00-5290	OP-CUSTODIAL SERVICES		2,843.64
01-01-01-01-01-001-01-00-5314	OP-PAYROLL SERVICES		1,460.70
01-01-01-01-01-001-01-00-5316	OP-AUDIT FEES		3,203.65
01-01-01-01-01-001-01-00-5318	OP-TREASURY SERVICES		3,254.14
01-01-01-01-01-001-01-00-5344	OP-INTERNET		4,131.44
01-01-01-01-01-001-01-00-5732	OP-SOFTWARE LICENSES		1,798.02
01-01-01-01-01-001-01-00-5741	OP-INSURANCE		4,476.58
01-01-01-01-01-001-01-00-5854	OP-FINANCIAL SOFTWARE SYSTEM		5,295.62
02-00-00-00-00-00-00-1090	POOLED CASH		47,737.24
02-01-01-01-01-001-01-00-5171	EEF-AG RETIREMENT		2,650.49
02-01-01-01-01-001-01-00-5174	EEF-AG MEDICARE		47.51
02-01-01-01-01-001-01-00-5175	STATE UNEMPLOYMENT INSURANCE		231.72
02-01-01-01-01-001-01-00-5180	EEF-AG RETIREMENT LIABILITY		1,375.72
<b>Total</b>		<b>151,822.60</b>	<b>151,822.60</b>
<b>Adjusting Journal Entries JE # 5</b>			
To record late client entry JNL #106			

01-00-00-00-000-00-00-1320	ACCOUNTS RECEIVABLE	300.00	
02-00-00-00-000-00-00-1320	ACCOUNTS RECEIVABLE	7,200.00	
01-01-01-01-001-01-00-5272	OP-RENT		300.00
02-01-01-01-001-01-00-5272	EEF-AG RENT		7,200.00
<b>Total</b>		<b>7,500.00</b>	<b>7,500.00</b>

Adjusting Journal Entries JE # 6  
To record late client entry JNL #107

00-00-00-00-000-00-00-1090	POOLED CASH	262.00	
01-00-00-00-000-00-00-1090	POOLED CASH	262.00	
02-01-01-01-001-01-00-5272	EEF-AG RENT	262.00	
00-00-00-00-000-00-00-1090	POOLED CASH		262.00
01-01-01-01-001-01-00-5272	OP-RENT		262.00
02-00-00-00-000-00-00-1090	POOLED CASH		262.00
<b>Total</b>		<b>786.00</b>	<b>786.00</b>

Adjusting Journal Entries JE # 7  
To record late client entry JNL #109

00-00-00-00-000-00-00-1090	POOLED CASH	14,830.79	
01-00-00-00-000-00-00-1090	POOLED CASH	14,830.79	
02-01-01-01-001-01-00-5110	EEF-AG SALARIES	14,830.79	
00-00-00-00-000-00-00-1090	POOLED CASH		14,830.79
01-01-01-01-001-01-00-5110	OP-SALARIES		14,830.79
02-00-00-00-000-00-00-1090	POOLED CASH		14,830.79
<b>Total</b>		<b>44,492.37</b>	<b>44,492.37</b>

Adjusting Journal Entries JE # 8  
To record late client entry JNL #110

00-00-00-00-000-00-00-1090	POOLED CASH	3,442.94	
01-00-00-00-000-00-00-1090	POOLED CASH	3,442.94	
01-01-01-01-001-01-00-5272	OP-RENT	270.08	
02-01-01-01-001-01-00-5309	EEF AG IT SERVICES	422.16	
02-01-01-01-001-01-00-5316	EEF AG AUDIT FEES	298.70	
02-01-01-01-001-01-00-5318	EEF AG TREASURY SERVICES	313.40	
02-01-01-01-001-01-00-5343	EEF AG TELEPHONES	2,462.82	
02-01-01-01-001-01-00-5854	EEF AG FINANCIAL SOFTWARE	215.94	
00-00-00-00-000-00-00-1090	POOLED CASH		3,442.94
01-01-01-01-001-01-00-5309	OP-IT SERVICES		422.16
01-01-01-01-001-01-00-5316	OP-AUDIT FEES		298.70
01-01-01-01-001-01-00-5318	OP-TREASURY SERVICES		313.40
01-01-01-01-001-01-00-5343	OP-TELEPHONES		2,462.82
01-01-01-01-001-01-00-5854	OP-FINANCIAL SOFTWARE SYSTEM		215.94
02-00-00-00-000-00-00-1090	POOLED CASH		3,442.94
02-01-01-01-001-01-00-5272	EEF AG RENT		270.08
<b>Total</b>		<b>10,868.98</b>	<b>10,868.98</b>

Adjusting Journal Entries JE # 9  
To record late client entry for transfer of operating budget from power supply reserve fund to operating reserve fund

01-00-00-00-000-00-00-1090	POOLED CASH	848,693.00	
04-40-00-00-000-00-00-5960	TRANSFERS OUT	848,693.00	
01-01-00-00-000-00-00-4970	TRANSFERS IN		848,693.00
04-00-00-00-000-00-00-1090	POOLED CASH		848,693.00
<b>Total</b>		<b>1,697,386.00</b>	<b>1,697,386.00</b>

Adjusting Journal Entries JE # 100  
To reflect interest income from cash held by CVEC refunded in 2019

04-00-00-00-000-00-00-1740	DUE FROM CVEC	155.00	
04-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE		123.00
04-01-00-00-000-00-00-4820	INTEREST INCOME		32.00
<b>Total</b>		<b>155.00</b>	<b>155.00</b>

Adjusting Journal Entries JE # 101  
To reflect revenue transfer from prior year to cash

04-00-00-00-000-00-00-1090	POOLED CASH	6,700.00	
21-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE	6,700.00	
04-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE		6,700.00
21-00-00-00-000-00-00-1090	POOLED CASH		6,700.00
<b>Total</b>		<b>13,400.00</b>	<b>13,400.00</b>

Adjusting Journal Entries JE # 102  
To reverse warrants payable for 2020 REC transactions with CVEC

04-00-00-00-000-00-00-2010	WARRANTS PAYABLE	14,580.00	
04-40-00-00-000-00-00-5785	RENEWABLE ENERGY CERT EXP		14,580.00
<b>Total</b>		<b>14,580.00</b>	<b>14,580.00</b>

Adjusting Journal Entries JE # 103  
To reflect the 2019 true-up receivables.

02-00-00-00-000-00-00-1320	ACCOUNTS RECEIVABLE	541,893.00	
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02-01-00-00-000-00-00-4210	SYSTEM BENEFIT CHARGE REVENUE		32,794.00
02-01-00-00-000-00-00-4211	ENERGY EFFIC RECON FACTOR REV		509,099.00
<b>Total</b>		<b>541,893.00</b>	<b>541,893.00</b>

**Adjusting Journal Entries JE # 104**

To reclass META amounts booked to META AR twice.

23-00-00-00-000-00-00-4660	STATE REVENUE	4,500.00	
23-00-00-00-000-00-00-1320	ACCOUNTS RECEIVABLE		4,500.00
<b>Total</b>		<b>4,500.00</b>	<b>4,500.00</b>

**Total Adjusting Journal Entries**

<b>2,489,008.99</b>	<b>2,489,008.99</b>
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**Reclassifying Journal Entries**

**Reclassifying Journal Entries JE # 200**

To reclass warrants payable reflected in cash balance

00-00-00-00-000-00-00-1008	CCS - VENDOR 0744	1,226,826.00	
01-00-00-00-000-00-00-1090	POOLED CASH	4,799.00	
02-00-00-00-000-00-00-1090	POOLED CASH	1,222,027.00	
00-00-00-00-000-00-00-1090	POOLED CASH		1,226,826.00
01-00-00-00-000-00-00-2010	WARRANTS PAYABLE		4,799.00
02-00-00-00-000-00-00-2010	WARRANTS PAYABLE		1,222,027.00
<b>Total</b>		<b>2,453,652.00</b>	<b>2,453,652.00</b>

**Reclassifying Journal Entries JE # 201**

To reclass balance transfer recorded directly to fund balance.

04-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE	135.00	
21-00-00-00-000-00-00-5970	Transfers Out	135.00	
04-01-00-00-000-00-00-4970	TRANSFERS IN		135.00
21-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE		135.00
<b>Total</b>		<b>270.00</b>	<b>270.00</b>

**Reclassifying Journal Entries JE # 202**

To record SREC and SMART prepayment activity as of 12/31/2019

21-00-00-00-000-00-00-1500	Prepaid Expense	296,074.00	
21-00-00-00-000-00-00-5785	Renewable Energy Cert Expense	34,066.00	
24-00-00-00-000-00-00-1500	PREPAID EXPENSES	67,584.00	
21-00-00-00-000-00-00-1500	Prepaid Expense		34,066.00
21-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE		296,074.00
24-00-00-00-000-00-00-1500	PREPAID EXPENSES		6,760.00
24-00-00-00-000-00-00-5319	CONTRACTUAL		60,824.00
<b>Total</b>		<b>397,724.00</b>	<b>397,724.00</b>

**Reclassifying Journal Entries JE # 203**

To reverse prior year entry to remove warrants payable for 2019 expenditures

24-00-00-00-000-00-00-5319	CONTRACTUAL	33,792.00	
24-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE		33,792.00
<b>Total</b>		<b>33,792.00</b>	<b>33,792.00</b>

**Reclassifying Journal Entries JE # 204**

To record compensated absences

01-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE	4,983.00	
02-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE	89,273.00	
01-00-00-00-000-00-00-2700	OP-COMP ABS CURRENT		443.00
01-00-00-00-000-00-00-2710	OP-COMP ABS NONCURRENT		3,988.00
01-01-01-01-001-01-00-5110	OP SALARIES		552.00
02-00-00-00-000-00-00-2700	EFF-AG-COMP ABS CURRENT		6,268.00
02-00-00-00-000-00-00-2710	EFF-AG-COMP ABS NONCURRENT		56,409.00
02-01-01-01-001-01-00-5110	EEF-AG SALARIES		26,596.00
<b>Total</b>		<b>94,256.00</b>	<b>94,256.00</b>

**Reclassifying Journal Entries JE # 205**

To reverse 2018 EEF True Up Receivables

02-01-00-00-000-00-00-4210	SYSTEM BENEFIT CHARGE REVENUE	145,162.00	
02-01-00-00-000-00-00-4211	ENERGY EFFIC RECON FACTOR REV	1,848,426.00	
02-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE		1,993,588.00
<b>Total</b>		<b>1,993,588.00</b>	<b>1,993,588.00</b>

**Reclassifying Journal Entries JE # 206**

To record total OPEB liability in EF and Operating Fund and current year activity

01-00-00-00-000-00-00-1801	DEFERRED OUTFLOWS - OPEB	17,792.00	
01-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE	211,528.00	
01-01-01-01-001-01-00-5173	OP-GROUP INSURANCE	6,659.00	
02-00-00-00-000-00-00-1802	DEFERRED OUTFLOWS - OPEB	514,015.00	
02-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE	1,615,528.00	
02-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE	209,250.00	
02-01-01-01-001-01-00-5173	EEF-AG GROUP INSURANCE	192,386.00	
01-00-00-00-000-00-00-2801	DEFERRED INFLOWS - OPEB		6,013.00
01-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE		148,366.00
01-01-00-00-000-00-00-2800	TOTAL OPEB LIABILITY		79,940.00

01-01-01-01-01-001-01-00-5173	OP-GROUP INSURANCE		1,660.00
02-00-00-00-000-00-00-2801	DEFERRED INFLOWS - OPEB		173,725.00
02-01-00-00-000-00-00-2800	TOTAL OPEB LIABILITY		2,309,503.00
02-01-01-01-01-001-01-00-5173	EEF-AG GROUP INSURANCE		47,951.00
<b>Total</b>		<u>2,787,158.00</u>	<u>2,787,158.00</u>

**Reclassifying Journal Entries JE # 207**

To record beginning net pension liability

01-00-00-00-000-00-00-1800	DEFERRED OUTFLOWS - PENSION	73,460.00	
01-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE	248,485.00	
02-00-00-00-000-00-00-1801	DEFERRED OUTFLOWS - PENSION	742,775.00	
02-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE	2,512,506.00	
01-00-00-00-000-00-00-2850	DEFERRED INFLOWS - PENSION		33,763.00
01-00-00-00-000-00-00-2900	OP - NET PENSION LIABILITY		288,182.00
02-00-00-00-000-00-00-2800	DEFERRED INFLOWS - PENSION		341,389.00
02-00-00-00-000-00-00-2900	EEF - NET PENSION LIABILITY		2,913,892.00
<b>Total</b>		<u>3,577,226.00</u>	<u>3,577,226.00</u>

**Reclassifying Journal Entries JE # 208**

To reverse PY RGGI Receivables

02-01-00-00-000-00-00-4680	STATE REVENUE	292,197.00	
02-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE		292,197.00
<b>Total</b>		<u>292,197.00</u>	<u>292,197.00</u>

**Reclassifying Journal Entries JE # 209**

To record beginning fixed assets balance

02-00-00-00-000-00-00-1800	INTANGIBLE SOFTWARE	462,558.00	
02-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE		462,558.00
<b>Total</b>		<u>462,558.00</u>	<u>462,558.00</u>

**Reclassifying Journal Entries JE # 210**

To reverse PY warrants payable entry #33

02-15-42-44-00-425-20-00-5772	EEF-CI-EB-RETROFIT-MEDRF-INC	453,285.00	
02-15-42-44-00-425-30-00-5773	EEF-CI-EB-RETROFIT-MEDRF-STAT	16,341.00	
02-15-42-44-00-440-20-00-5772	EEF-CI-EB-RETROFIT-SMRF-INC	436,485.00	
02-15-42-44-00-440-30-00-5773	EEF-CI-EB-RETROFIT-SMRF-STAT	38,993.00	
02-00-00-00-000-00-00-3590	UNRESERVED FUND BALANCE		945,104.00
<b>Total</b>		<u>945,104.00</u>	<u>945,104.00</u>

**Reclassifying Journal Entries JE # 211**

To reclass accrued payroll and related liabilities to the correct fund

01-00-00-00-000-00-00-2110	ACCRUED PAYROLL	33,397.00	
01-00-00-00-000-00-00-2140	RETIREMENT WH PAYABLE	9,637.00	
02-00-00-00-000-00-00-1090	POOLED CASH	43,034.00	
01-00-00-00-000-00-00-1090	POOLED CASH		43,034.00
02-00-00-00-000-00-00-2110	ACCRUED PAYROLL		33,397.00
02-00-00-00-000-00-00-2140	RETIREMENT WH PAYABLE		9,637.00
<b>Total</b>		<u>86,068.00</u>	<u>86,068.00</u>

**Reclassifying Journal Entries JE # 212**

To reclass revenues to appropriate account

04-40-00-00-000-00-00-4751	RENEWABLE ENERGY CERT REV	10,000.00	
21-00-00-00-000-00-00-4751	RENEWABLE ENERGY CERT REV	2,792.00	
24-00-00-00-000-00-00-4217	SMART PAYMENTS	20,592.00	
04-01-00-00-000-00-00-4840	OTHER REVENUE		10,000.00
21-01-00-00-000-00-00-4201	GREEN Program Revenue		2,792.00
24-00-00-00-000-00-00-4751	RENEWABLE ENERGY CERT REV		20,592.00
<b>Total</b>		<u>33,384.00</u>	<u>33,384.00</u>

**Reclassifying Journal Entries JE # 213**

To record REPA grant revenue and expenses

25-00-00-00-000-00-00-1090	POOLED CASH	521.00	
25-00-00-00-000-00-00-5110	SALARIES	36,360.00	
25-00-00-00-000-00-00-4000	INTERGOVERNMENTAL		36,881.00
<b>Total</b>		<u>36,881.00</u>	<u>36,881.00</u>

**Reclassifying Journal Entries JE # 300**

To record operating Fund Fixed Assets as of 12/31

01-00-00-00-000-00-00-1910	VEHICLES	23,319.00	
01-00-00-00-000-00-00-1911	ACCUMULATED DEPRECIATION-VEHICLES		23,319.00
<b>Total</b>		<u>23,319.00</u>	<u>23,319.00</u>

**Reclassifying Journal Entries JE # 301**

To record current year fixed asset activity

02-00-00-00-000-00-00-1800	INTANGIBLE SOFTWARE	349,723.00	
02-00-00-00-000-00-00-5800	AMORTIZATION EXPENSE	154,186.00	
02-00-00-00-000-00-00-1850	ACCUMULATED DEPRECIATION-SOFTWARE		503,909.00
<b>Total</b>		<u>503,909.00</u>	<u>503,909.00</u>



Reclassifying Journal Entries JE # 302

To reclass receivables by type and to the correct fund

02-00-00-00-000-00-00-1090	POOLED CASH	77,143.00	
02-00-00-00-000-00-00-1090	POOLED CASH	36,881.00	
02-00-00-00-000-00-00-1330	ACCOUNTS RECEIVABLE - EERF	2,395,529.00	
02-00-00-00-000-00-00-1335	ACCOUNTS RECEIVABLE - RGGI	203,838.00	
02-00-00-00-000-00-00-1340	ACCOUNTS RECEIVABLE - FCM	468,334.00	
04-00-00-00-000-00-00-1320	ACCOUNTS RECEIVABLE	76,641.00	
21-00-00-00-000-00-00-1320	ACCOUNTS RECEIVABLE	502.00	
25-00-00-00-000-00-00-1320	ACCOUNTS RECEIVABLE	36,881.00	
02-00-00-00-000-00-00-1320	ACCOUNTS RECEIVABLE		3,181,725.00
04-00-00-00-000-00-00-1090	POOLED CASH		76,641.00
21-00-00-00-000-00-00-1090	POOLED CASH		502.00
25-00-00-00-000-00-00-1090	POOLED CASH		36,881.00
<b>Total</b>		<b>3,295,749.00</b>	<b>3,295,749.00</b>

Reclassifying Journal Entries JE # 304

To record current year activity related to net pension liability

01-00-00-00-000-00-00-2850	DEFERRED INFLOWS - PENSION	28,632.00	
01-00-00-00-000-00-00-2900	OP - NET PENSION LIABILITY	233,869.00	
01-01-01-01-001-01-00-5171	OP-RETIREMENT	7,141.00	
02-00-00-00-000-00-00-1801	DEFERRED OUTFLOWS - PENSION	101,164.00	
02-00-00-00-000-00-00-2800	DEFERRED INFLOWS - PENSION	22,536.00	
02-01-01-01-001-01-00-5171	EEF-AG RETIREMENT	443,817.00	
02-01-01-01-001-01-00-5171	EEF-AG RETIREMENT	204,762.00	
01-00-00-00-000-00-00-1800	DEFERRED OUTFLOWS - PENSION		59,880.00
01-01-01-01-001-01-00-5171	OP-RETIREMENT		5,000.00
01-01-01-01-001-01-00-5171	OP-RETIREMENT		204,762.00
02-00-00-00-000-00-00-2900	EEF - NET PENSION LIABILITY		461,542.00
02-01-01-01-001-01-00-5171	EEF-AG RETIREMENT		310,737.00
<b>Total</b>		<b>1,041,921.00</b>	<b>1,041,921.00</b>

Reclassifying Journal Entries JE # 305

To reclass prepaid rent recorded as AR to Prepaids

01-00-00-00-000-00-00-1500	PREPAID EXPENSES	300.00	
02-00-00-00-000-00-00-1500	PREPAID EXPENSES	7,200.00	
01-00-00-00-000-00-00-1320	ACCOUNTS RECEIVABLE		300.00
02-00-00-00-000-00-00-1320	ACCOUNTS RECEIVABLE		7,200.00
<b>Total</b>		<b>7,500.00</b>	<b>7,500.00</b>

**Total Reclassifying Journal Entries**

**18,046,256.00**

**18,046,256.00**

**Total All Journal Entries**

**20,535,264.99**

**20,535,264.99**



## Management

Cape Light Compact JPE  
South Yarmouth, Massachusetts

In planning and performing our audit of the financial statements of Cape Light Compact JPE as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses that are opportunities to strengthen your controls and improve the efficiency of your operations. Our comments and recommendations regarding these matters are summarized below. This letter does not affect our report on the financial statements dated September 2, 2020, nor our internal control communication dated September 2, 2020.

### Information Security

- The Compact has not established an Information Technology (IT) Strategic Plan. This presents the risk that adequate measures have not been taken to plan for future growth and changes. Strategic planning as it relates to the long term planning for the IT environment should address interests and goals of the Compact and plans for how to achieve them.
  - Recommendation: We recommend the Compact develop, implement and maintain an IT Strategic Plan detailing the direction IT is headed over the next three to five years. This plan should at least address the plans to address issues noted in vulnerability and penetration testing.
- The Compact's Active Directory password policy does not meet best practice recommendations. This presents a risk of unauthorized users gaining access to the Compacts systems and data.
  - Recommendation: We recommend the following leading practices related to Network-Active Directory password settings:
    1. Enforce Password History: Enabled
    2. Maximum Password Age: 60 - 90 days
    3. Minimum password age: One day
    4. Minimum Password Length: 8-14 Characters
    5. Password Complexity: Enabled
    6. Account Lockout Duration: 30 Minutes to unlimited (requires admin intervention)
    7. Account Lockout Threshold: three to five Invalid Attempts before Lockout
    8. Reset Lockout Counter: 30 Minutes to unlimited (requires admin intervention).

- The Compact utilized an unnamed account for a user, which remained active within Active Directory after the employee was terminated.
  - Recommendation: We recommend the Compact discontinue the use of unnamed accounts when creating Active Directory profiles for users, including temporary employees. Additionally, all user accounts should be promptly eliminated upon employee termination.

#### Reconciliation of Cash and Accounts Payable

Procedures are not in place to properly reconcile the Cape Cod 5 vendor bank account. Invoices related to 2019 for which checks were issued after year end were reflected in the cash balance at December 31, 2019, and were not identified as a reconciling item on the vendor bank account or accounts payable reconciliations. This condition understated cash and accounts payable. The financial statements have been properly adjusted to reflect this activity.

We recommend procedures be implemented to properly reconcile cash and accounts payable at year-end.

#### Accounts Receivable

The Compact initially recorded cash receipts for revenue related to multiple funds for monies received subsequent to year-end related to 2019 activities. Subsequently, a journal entry was made to properly reflect the subsequent funds received as accounts receivable. However, all of the accounts receivable balances were erroneously recorded in the energy efficiency fund. Several of the accounts receivable belonged to other funds which resulted in an overstatement of accounts receivable and understatement of cash in the energy efficiency fund; and an understatement of accounts receivable and overstatement of cash in other funds. The financial statements have been properly adjusted to reflect this activity.

We recommend management implement procedures to properly record accounts receivable to the appropriate funds.

#### Grant Accounting

During 2019 the Compact was awarded a cost-reimbursement grant for regional energy planning assistance. The Compact has included the activity of the grant in its energy efficiency fund as a reduction to expenses, proper accounting would be to record grant revenues. The current condition commingles activities and understates expenses and revenue in the energy efficiency fund. The financial statements have been adjusted to properly reflect this activity.

We recommend that a separate fund be established to account for all grant funds received and that all grant receipts be recorded as grant revenue.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Management  
Cape Light Compact JPE  
Page 3

This communication is intended solely for the information and use of management, board of directors, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
September 2, 2020



CliftonLarsonAllen LLP  
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Cape Light Compact JPE  
South Yarmouth, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Cape Light Compact JPE (Compact) as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report there on dated September 2, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Compact's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Compact's internal control. Accordingly, we do not express an opinion on the effectiveness of the Compact's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Compact's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
September 2, 2020

**CAPE LIGHT COMPACT JPE**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2019**



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**CAPE LIGHT COMPACT JPE  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cape Light Compact JPE  
South Yarmouth, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Cape Light Compact JPE (Cape Light Compact) as of and for the year ended December 31, 2019, and the related notes to the financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Cape Light Compact as of December 31, 2019, and the change in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

During the fiscal year ended June 30, 2019, the Compact elected to change the measurement date of the liability reported under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, the Authority reported a restatement for the change in accounting principle (see Note 2). Our auditors' opinion was not modified with respect to the restatement.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (located on pages 4 through 8) and certain pension and other postemployment benefits information (located on pages 26 and 27) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

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

Board of Directors  
Cape Light Compact JPE

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2020, on our consideration of the Cape Light Compact's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cape Light Compact's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cape Light Compact's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
September 2, 2020

**CAPE LIGHT COMPACT JPE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019**

As management of the Cape Light Compact JPE (Compact), we offer readers of these financial statements this narrative overview and analysis of the Compact's financial activities for the calendar year ended December 31, 2019.

The management's discussion and analysis (MD&A) is presented in the following sections:

1. Background
2. Overview of the Financial Statements
3. Financial Statement Analysis

Please refer to the audited *Financial Statements* when reading the MD&A.

*Cape Light Compact Joint Powers Entity:*

The Compact's mission is to serve our over 200,000 customers through the delivery of proven energy efficiency programs, effective consumer advocacy, and renewable competitive electricity supply.

The Compact is a Joint Powers Entity (JPE) pursuant to Massachusetts General Law Chapter 40, Section 4A ½, consisting of the 21 towns on Cape Cod and Martha's Vineyard, and Dukes County.

*The Compact as Energy Efficiency Program Administrator and the 2019-2021 Energy Efficiency Plan:*

The Compact's 2019 - 2021 Energy Efficiency Plan, its fourth three-year plan, was approved by the Department of Public Utilities on January 29, 2019 in compliance with the Massachusetts state energy efficiency goals and policies, including the Green Communities Act ("GCA"), (Chapter 169, Section 11 of the Acts of 2008). The Compact is pleased with the results of 2019. Program year 2019 built on the nationally acclaimed accomplishments of the previous three-year plans while continuing to push innovation and large-scale adoption of energy efficient products and practices.

In 2019, the Compact enjoyed the following notable awards and accomplishments:

- 2019 ENERGY STAR® Partner of the Year – Sustained Excellence Award
- 2019 Advanced Rooftop Unit (RFU) Campaign Award for Commercial and Industrial HVAC program
- ACEEE Exemplary Energy Efficiency Program award for the Commercial and Industrial Water Heater Initiative

The Compact has shown remarkable success with respect to goal attainment and achievement of real benefits for the environment and the economy in the Commonwealth of Massachusetts. The Compact is on track to reach its three-year goals by the end of 2021. Including actual results from 2019, the Compact achieved 37 percent of its three-year lifetime energy savings goal, achieved 27 percent of its three-year total benefit goal, and spent 31 percent of its planned three-year budget. Based on these results in combination with the 2020 and 2021 planned values, over the three-year term, the Compact expects to achieve:

- robustly cost-effective programs with a benefit-cost ratio ("BCR") of 2.49,
- net benefits of \$255 million,

**CAPE LIGHT COMPACT JPE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019**

- annual energy savings of 112 gigawatt hours ("GWh"),
- lifetime energy savings of 890 GWh,
- total benefits of \$389 million, and
- program costs of \$134 million.

The Compact is committed to energy education outreach within its community and continues to be a regionally and nationally recognized leader in the design and implementation of its energy education programs. As a municipal aggregator with a unique service territory, the Compact supports the community's efforts to develop a deeper and broader knowledge of energy efficiency technology and practices, moving towards an energy-literate society.

In 2019, the Compact expanded its coordination with Massachusetts stakeholders to redesign Cape and Vineyard Electrification Offering (CVEO). The redesigned CVEO focuses on the following:

- Consistency with the 2018 amendments to the Green Communities Act and will advance the goals and objectives of these amendments while providing cost-effective energy savings and reducing greenhouse gas emissions.
- Serves low-and-moderate income members of the Cape and Vineyard community, a population that faces economic barriers to installing the three technologies proposed under CVEO.
- Address the economic barriers such as the high up-front costs and inability to qualify for a loan.

Through the installation of cold climate air source heat pumps ("ccASHP" or "heat pump") CVEO advances the Commonwealth's goal of beneficial strategic electrification and the greening of the building sector.

*The Compact's Power Supply Program:*

During 2019, the Compact's power supplier for all residential, commercial, and industrial customers was NextEra Energy Services of Massachusetts (NextEra). The Compact is pleased that our residential price in 2019 was lower than the utility's basic service price for most of the year, while also being 100% renewable.

The Compact became a green aggregator in January 2017, meaning 100% of the Compact's power supply customers' annual electricity usage is met with renewable energy certificates (RECs). Each REC represents the generation of 1 megawatt hour (1,000 kilowatt hours) of electricity produced by a renewable resource, such as wind or solar. By retiring RECs to match the Compact's customers' usage, Compact customers are financially supporting renewable energy resources, including resources located on Cape Cod and southeastern Massachusetts. In addition, NextEra pledged to deposit all premiums paid for voluntary RECs, plus their supplier and retail fees (expected to total over \$3 million per year), into a trust fund to be used solely for the development of new renewable energy resources. In December 2018, the Compact also announced that it had entered in to a long-term power purchase agreement (PPA) for both energy and RECs from a solar facility under development in Farmington, Maine, which is scheduled to begin delivering energy to Compact customers in 2021. Now, by purchasing electricity through the Compact, all Compact power supply customers are supporting renewable energy and acting locally to combat climate change. In 2019, the Compact launched its newest power supply offering, CLC Local Green™, which allows customers to opt-in and receive 50 or 100% of their energy usage from Massachusetts Class 1 RECs, allowing them to further their investment in local renewable energy generation.

**CAPE LIGHT COMPACT JPE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019**

**Overview**

This discussion and analysis (required supplementary information) is intended to serve as an introduction to the financial statements, which consists of the following two components:

1. Financial statements
2. Notes to the financial statements

This report also contains additional pension and other postemployment benefits required supplementary information and additional information that supplements the financial statements.

**Financial Statements**

The Compact's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB). The financial statements are presented on the accrual basis of accounting and include the following three basic financial statements: (1) the Statement of Net Position, (2) the Statement of Revenues, Expenses and Change in Net Position and (3) the Statement of Cash Flows.

The financial statements can be found on pages 9 – 11 of this report.

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12 – 25 of this report.

**Required Supplementary Information**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information are certain pension and other post employment benefits information, which can be found on pages 26 – 27.

**Supplementary Information**

In addition to the financial statements and accompanying notes, this report also presents supplementary information. Presented in this information are combining statements of net position and revenues, expenses and change in net position, as well as a reconciliation of audited energy efficiency GAAP expenses to the amounts reported to the DPU. The additional information can be found on pages 28 – 30.

**CAPE LIGHT COMPACT JPE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019**

**Financial Statement Analysis**

The following tables present current and prior year data on the financial statements.

**Net Position**

The Compact's assets and deferred outflows exceeded liabilities and deferred inflows by \$6,491,346 at the close of the calendar year and are summarized as follows:

	2019	2018	Change (\$)	Change (%)
<b>Assets</b>				
Current Assets	\$ 19,017,699	\$ 23,974,454	\$ (4,956,755)	-20.7%
Noncurrent Assets	308,372	462,558	(154,186)	-33.3%
Total Assets	<u>19,326,071</u>	<u>24,437,012</u>	<u>(5,110,941)</u>	<u>-20.9%</u>
<b>Deferred Outflows of Resources</b>	<u>1,389,326</u>	<u>962,305</u>	<u>427,021</u>	<u>44.4%</u>
<b>Liabilities</b>				
Current Liabilities	7,840,742	5,555,404	2,285,338	41.1%
Noncurrent Liabilities	5,879,587	5,103,585	776,002	15.2%
Total Liabilities	<u>13,720,329</u>	<u>10,658,989</u>	<u>3,061,340</u>	<u>28.7%</u>
<b>Deferred Inflows of Resources</b>	<u>503,722</u>	<u>531,598</u>	<u>(27,876)</u>	<u>-5.2%</u>
<b>Net Position</b>				
Net Investment in Capital Assets	308,372	462,558	(154,186)	-33.3%
Unrestricted	6,182,974	13,746,172	(7,563,198)	-55.0%
Total Net Position	<u>\$ 6,491,346</u>	<u>\$ 14,208,730</u>	<u>\$ (7,717,384)</u>	<u>-54.3%</u>

The Compact's assets consist primarily of cash and cash equivalents, accounts receivable and capital assets. The decrease in the Compact's current assets primarily reflects the increase in the current year expenses and decrease in revenues for the energy efficiency program.

Liabilities primarily consist of accounts payable, the net pension liability and total OPEB liability. The increase in current liabilities is primarily due to increases in energy efficiency program payables.

**CAPE LIGHT COMPACT JPE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019**

Changes in Net Position

The Compact's net position decreased by \$7,656,500 for the year ended December 31, 2019 and is summarized as follows:

	2019*	2018	Change (\$)	Change (%)
Operating Revenues	\$ 29,803,956	\$ 32,313,746	\$ (2,509,790)	-7.8%
Operating Expenses	44,177,838	41,695,062	2,482,776	6.0%
Operating Income (Loss)	(14,373,882)	(9,381,316)	(4,992,566)	53.2%
Nonoperating Revenues (Expenses), Net	6,717,382	6,032,726	684,656	11.3%
Change in Net Position	(7,656,500)	(3,348,590)	(4,307,910)	128.6%
Net Position - Beginning of Year (As Restated)	14,147,846	17,557,320	(3,409,474)	19.4%
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<b>\$ 6,491,346</b>	<b>\$ 14,208,730</b>	<b>\$ (7,717,384)</b>	<b>-54.3%</b>

\*

Beginning balance restated due to the change in measurement date of Total OPEB Liability (see Note 2). Restating the 2018 activity was not practical.

Operating revenues primarily consist of mandatory energy efficiency charges (\$4,909,450) and energy efficiency reconciliation factor charges (\$23,146,259). The decrease in operating revenues primarily reflects the decrease of energy efficiency funds earned during 2019.

Approximately 90% (or \$39,602,922) of the Compact's operating expenses relate directly to energy efficiency programs. This compares to approximately 89% in 2018.

**Requests for Information**

This financial report is designed to provide a general overview of the Compact's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report should be addressed to the Compact Administrator, 261 Whites Path, Unit 4, South Yarmouth, Massachusetts, 02664.



**CAPE LIGHT COMPACT JPE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 15,546,863
Receivables, Net of Allowance for Uncollectible Amounts:	
Energy Efficiency	439,182
Energy Efficiency Reconciliation Factor	2,395,529
Mil-Adder	76,641
Green Program	502
Forward Capacity Market	468,334
Intergovernmental (RGGI)	203,838
Other	36,881
Prepaid Expenses	330,332
Total Current Assets	19,498,102

Noncurrent Assets:

Capital Assets, Net of Accumulated Depreciation	308,372
Total Assets	19,806,474

**DEFERRED OUTFLOWS**

Related to Pensions	857,519
Related to OPEB	531,807
Total Deferred Outflows	1,389,326

**LIABILITIES**

Current Liabilities:

Accounts Payable and Accrued Expenses	8,254,055
Accrued Payroll	60,379
Compensated Absences, Current	6,711
Total Current Liabilities	8,321,145

Noncurrent Liabilities:

Compensated Absences, Net of Current	60,397
Total OPEB Liability	2,389,443
Net Pension Liability	3,429,747
Total Noncurrent Liabilities	5,879,587

Total Liabilities	14,200,732
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**DEFERRED INFLOWS**

Related to Pensions	323,984
Related to OPEB	179,738
Total Deferred Inflows	503,722

**NET POSITION**

Net Investment in Capital Assets	308,372
Unrestricted	6,182,974
Total Net Position	\$ 6,491,346

See accompanying Notes to Financial Statements.

**CAPE LIGHT COMPACT JPE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2019**

<b>OPERATING REVENUES</b>	
Energy Efficiency	\$ 4,909,450
Energy Efficiency Reconciliation Factor	23,146,259
Mil-Adder	928,831
Green Program	2,792
Intergovernmental (RGGI)	759,079
Intergovernmental (SMART)	3,434
Intergovernmental (Other)	42,178
Other	11,933
Total Operating Revenues	29,803,956
<b>OPERATING EXPENSES</b>	
Salaries and Benefits (Excluding Pension and OPEB)	2,240,096
Pension and OPEB	144,221
Energy Efficiency Programs:	
Residential Programs	27,161,035
Low Income Programs	3,411,145
Commercial and Industrial Programs	8,436,985
Other Programs	593,757
Legal and Related Consulting Services	634,596
Other Professional Services	106,108
Marketing	473,840
Other Operating	821,869
Depreciation	154,186
Total Operating Expenses	44,177,838
Operating Loss	(14,373,882)
<b>NONOPERATING REVENUES</b>	
Forward Capacity Market	6,492,056
Renewable Energy Certificates, Net	4,496
Investment Income	220,830
Total Nonoperating Revenues	6,717,382
<b>CHANGE IN NET POSITION</b>	(7,656,500)
Net Position - Beginning of Year (As Restated)	14,147,846
<b>NET POSITION - END OF YEAR</b>	\$ 6,491,346

See accompanying Notes to Financial Statements.

**CAPE LIGHT COMPACT JPE  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers and Users	\$ 31,388,688
Payments to Vendors and Customers	(38,580,232)
Payments for Salaries and Benefits	(2,485,782)
Net Cash Used by Operating Activities	<u>(9,677,326)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds from Sales of Renewable Energy Certificates	81,042
Purchase of Renewable Energy Certificates	(42,480)
Reimbursement of Cash Held for CVEC	100,207
Proceeds from Forward Capacity Market	6,646,546
Net Cash Provided by Noncapital Financing Activities	<u>6,785,315</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income	<u>220,830</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(2,671,181)
Cash and Cash Equivalents - Beginning of Year	<u>18,218,044</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 15,546,863</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>	
Operating Loss	\$ (14,373,882)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	154,186
Effect of Changes in Assets, Liabilities, Deferred Outflows and Inflows not Requiring Current Cash Flows:	
Total OPEB Liability	586,676
Deferred Outflows related to OPEB	(410,168)
Deferred Inflows related to OPEB	(27,074)
Net Pension Liability	227,673
Deferred Outflows related to OPEB	(41,284)
Deferred Inflows related to Pension	(51,168)
Accounts Receivable	1,584,732
Prepaid Expenses	(68,324)
Accounts Payable and Accrued Expenses	2,791,528
Accrued Payroll	(23,073)
Compensated Absences	(27,148)
Total Adjustments	<u>4,696,556</u>
Net Cash Used by Operating Activities	<u><u>\$ (9,677,326)</u></u>

See accompanying Notes to Financial Statements.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 REPORTING ENTITY**

The Cape Light Compact (Compact) is a joint powers entity (JPE) pursuant to G.L. c. 40, §4A ½. The Compact was created for the purpose of providing competitive electric supply, green power options, energy efficiency programs and consumer advocacy for the residents and businesses of Cape Cod and Martha's Vineyard.

The Compact's current membership consists of 21 towns and Dukes County and is governed by a 22 member board of directors appointed by each of the member towns and county.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The Compact accounts for its operations as an enterprise fund. The significant accounting policies are described herein.

***A. Measurement Focus, Basis of Accounting and Basis of Presentation***

The Compact's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred, regardless of the timing of related cash flows.

The Compact distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***B. Deposits and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

***C. Accounts Receivable***

Accounts receivable are recorded at the time of the underlying event. The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis. At December 31, 2019, all amounts are considered 100% collectible.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***D. Capital Assets***

Capital assets are recorded at historical cost. All individual purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Depreciable capital assets are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Asset Type</u>	<u>Estimated Useful Life (in Years)</u>
Vehicles	5
Software*	6

\* Term of contract

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

***E. Compensated Absences***

Employees are granted vacation and sick leave. Vested or accumulated vacation and sick leave are reported as liabilities and expected as incurred.

***F. Revenue Recognition***

Energy efficiency revenues are derived from the Massachusetts Department of Public Utilities (DPU) mandatory charge of 2.5 mills (\$0.0025) per kilowatt hour to fund energy efficiency programs. These charges are initially collected by the electric distribution company and subsequently provided to the Compact. The Compact recognizes the energy efficiency charge as operating revenue on the accrual basis of accounting.

In addition to the mandatory charge, the Compact, and all Massachusetts energy efficiency program administrators, have an "Energy Efficiency Reconciliation Factor Charge" (EERF). The EERF is a fully reconciling funding mechanism designed to recover costs associated with energy efficiency programs by reconciling energy efficiency revenue amounts collected in electric rates with the total expense amounts incurred for energy efficiency programs, as approved by the DPU. These charges are initially collected by the electric distribution company and subsequently provided to the Compact. The Compact recognizes the EERF charge as operating revenue on the accrual basis of accounting.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***F. Revenue Recognition (Continued)***

Operational-adder revenues are derived from a 1 mil (\$0.001) per kilowatt hour surcharge used to fund the Compact's nonenergy efficiency operational expenses as provided in the Compact's form of competitive electric supply agreement (CESA) approved by the Massachusetts Department of Telecommunications and Energy, now the Department of Public Utilities. These funds are collected by the Compact's contracted electric supply company on behalf of the Compact as part of the Compact's electric rates and are subsequently remitted to the Compact. The Compact's Governing Board appropriates these funds through the annual budget process; in addition, funds are disbursed by the Compact's Administrator based on contractual and regulatory obligations. Operational-adder charges are recognized as operating revenue on the accrual basis of accounting.

Intergovernmental revenues are received from the Commonwealth via the Commonwealth's participation in the Regional Greenhouse Gas Initiative (RGGI) quarterly CO2 auctions. The 2008 Massachusetts Green Communities Act assigned at least 80% of RGGI fund proceeds for energy efficiency programs administered by the state's electric utilities and energy efficiency service providers. The Compact recognizes the Intergovernmental (RGGI) proceeds as operating revenue on the accrual basis of accounting.

Green Program revenues are derived from a \$.013 and \$.027 per kilowatt hour premiums to support efforts to encourage new renewable energy project development in New England. These funds are collected by the Compact's contracted electric supply company on behalf of the Compact as part of the Compact's electric rates and are subsequently remitted to the Compact. Green Program charges are recognized as operating revenue on the accrual basis of accounting.

Various other grants are applied for and received annually. For nonexpense driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expense driven grants, revenue is recognized when the qualifying expenses are incurred and all other grant requirements are met.

***G. Forward Capacity Market***

The Compact participates in ISO New England's forward capacity market. The Compact recognizes proceeds from the forward capacity market as nonoperating revenue on the accrual basis. These funds are used for energy efficiency projects.

***H. Deferred Outflows of Resources***

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time.

Deferred outflows of resources related to pensions and OPEB are reported by the Compact.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***I. Deferred Inflows of Resources***

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows of resources related to pensions and OPEB are reported by the Compact.

***J. Pensions***

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

***K. Postemployment Benefits***

In addition to providing pension benefits, the Compact provides health and life insurance coverage for current and future retirees and their spouses as more fully described in Note 7.

***L. Net Position***

Net Position is reported in three categories: net investment in capital assets, restricted and unrestricted. Restricted net position represents restrictions by parties outside of the Compact. The Compact did not report any restrictions of net position at December 31, 2019.

During 2019, the Board voted to establish an operating contingency reserve fund in the amount of \$250,000 to be funded over three years. The funding will begin in 2020 and will be reported within unrestricted net position.

***M. Use of Estimates***

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Restatement**

For the year ended December 31, 2019, the Compact changed the measurement date used in determining the total OPEB liability from mid-year to end of the calendar year. As a result, the previously reported net position at December 31, 2018 of \$14,208,730 was restated to \$14,147,846.

**NOTE 3 DEPOSITS AND INVESTMENTS**

Deposits are governed by the Massachusetts General Laws and the Compact's by laws.

**Deposits – Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Compact's deposits may not be recovered. The Compact does not have a policy for custodial credit risk of deposits. As of December 31, 2019, \$1,125,574 of the Compact's bank balance of \$19,353,436 was uninsured and exposed to custodial credit risk.

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Capital Assets Being Depreciated:</u></b>				
Software	\$ 812,281	\$ -	\$ -	\$ 812,281
Vehicle	23,319	-	-	23,319
Total Capital Assets Being Depreciated	835,600	-	-	835,600
<b><u>Accumulated Depreciation:</u></b>				
Software	(349,723)	(154,186)	-	(503,909)
Vehicles	(23,319)	-	-	(23,319)
Total Accumulated Depreciation	(373,042)	(154,186)	-	(527,228)
Total Capital Assets Being Depreciated, Net	462,558	(154,186)	-	308,372
Total Capital Assets	\$ 462,558	\$ (154,186)	\$ -	\$ 308,372

**NOTE 5 LONG-TERM OBLIGATIONS**

The following represents a summary of changes that occurred in long-term obligations during the year ended December 31, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Compensated Absences	\$ 94,256	\$ -	\$ (27,148)	\$ 67,108	\$ 6,711



**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 6 PENSION PLAN**

**Plan Description**

Effective January 1, 2018, the Compact became a member of the Barnstable County Contributory Retirement Association (BCRA), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 59 member units.

The BCRA is administered by five board members (Board) on behalf of all current employees and retirees. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.barnstablecounty.org/retirement/association/>.

**Benefits Provided**

The BCRA provides retirement, disability, survivor, and death benefits to plan members and beneficiaries. Massachusetts contributory retirement system benefits are, with certain minor exceptions, uniform from system to system. The systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after 10 years of creditable service.

**Contributions**

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the BCRA a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. Contributions to the BCRA totaled \$315,737 for the year ended December 31, 2019.

**Net Pension Liability**

At December 31, 2019, the Compact reported a liability of \$3,429,747 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Compact's proportion of the net pension liability was based on a projection of the Compact's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2018, the measurement date, the Compact's proportion was 0.434%. At December 31, 2017, the Compact's proportion was 0.471%.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 6 PENSION PLAN (CONTINUED)**

**Pension Expense**

For the year ended December 31, 2019, the Compact recognized pension expense of \$388,279. At December 31, 2019, the Compact reported deferred inflows of resources related to pensions of \$323,984 and deferred outflows of resources related to pensions of \$857,519.

The balances of deferred outflows and inflows at December 31, 2019 consist of the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 200,297	\$ -
Changes in Assumptions	287,134	-
Differences Between Expected and Actual Experience	-	32,278
Changes in Proportion	54,351	291,706
Contributions Made Subsequent to the Measurement Date	315,737	-
	<u>\$ 857,519</u>	<u>\$ 323,984</u>

Deferred outflows of resources totaling \$315,737 related to contributions made subsequent to the measurement date will be recognized as a reduction to the net pension liability in 2020. The remaining net deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2020	\$ 105,045
2021	51,628
2022	27,343
2023	72,873
2024	(39,091)
Total	<u>\$ 217,798</u>

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 6 PENSION PLAN (CONTINUED)**

**Actuarial Method and Assumptions**

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

Valuation date	January 1, 2018
Actuarial cost method	Entry Age Normal Cost Method
Investment Rate of Return	7.375%, net of pension plan investment expense, including inflation
Projected Salary Increases	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4
Cost of living adjustments	3.0% of the first \$18,000
Mortality Rates:	Pre-Retirement: The RP-2014 Blue Collar Mortality Table projected generationally with a Scale MP-2017  Healthy Retiree: The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with a Scale MP-2017  Disabled Retiree: The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with a Scale MP-2017

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 6 PENSION PLAN (CONTINUED)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	21.0 %	6.16 %
International Developed Markets Equity	13.0	6.69
International Emerging Markets Equity	5.0	9.47
Core Fixed Income	15.0	1.89
High-Yield Fixed Income	8.0	4.00
Real Estate	10.0	4.58
Commodities	4.0	4.77
Hedge Fund, GTAA, Risk Parity	11.0	3.68
Private Equity	13.0	10.00
	100.0 %	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.375%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Net Pension Liability	\$ 4,378,162	\$ 3,429,747	\$ 2,631,969

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

The Compact's defined benefit OPEB plan provides health, dental, and life insurance coverage for its retirees and their survivors (hereinafter referred to as the Plan) as a single employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Compact and the employees. The Plan does not have an established trust and does not accumulate assets to offset the liability. The Plan does not issue a publicly available financial report.

**Benefits Provided**

The Cape Light Compact provides health, dental, and life insurance coverage for its retirees and their survivors. The Compact contributes 75% of the cost of current-year health, dental, and life insurance premiums for eligible retired plan members and their dependents. Plan members receiving benefits contribute the remaining 25% percent of their premium costs. The required contribution is based on a pay-as-you-go financing requirement. For 2019, the Compact contributed approximately \$49,611 to the plan. The costs of administering the Plan are paid by the Compact.

**Employees Covered by Benefit Terms**

The number of covered participants in the Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Active Employees	14
Retirees and Survivors	7
Total	<u>21</u>

**Total OPEB Liability**

The Compact's total OPEB liability of \$2,389,443 was measured as of December 31, 2019, which was rolled forward from an actuarial valuation as of June 30, 2018.

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions**

The total OPEB liability as of December 31, 2019 was measured by an actuarial valuation as of June 30, 2018 actuarial valuation (rolled forward to the measurement date) and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.74% (20-Year Municipal Bond Index Rate)
Health Care Trend Rates	Medicare: 7.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year. Non-Medicare: 0% for one year, then 7.0% decreased by 0.25% each year to an ultimate level of 4.5% per year.
Mortality Rates:	Pre-Retirement: The RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017  Postretirement: Healthy: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017; Disabled: RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2017

**Changes in Total OPEB Liability**

	Total OPEB Liability
Balance at December 31, 2018	\$ 1,802,767
Changes for the Year:	
Service Cost	80,400
Interest	76,203
Changes in Assumptions	479,684
Benefit Payments	(49,611)
Net Changes	<u>586,676</u>
Balance at December 31, 2019	<u>\$ 2,389,443</u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability, calculated using the discount rate of 2.74%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current rate:

	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB Liability	\$ 2,852,481	\$ 2,389,443	\$ 2,002,724

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

The following presents the total OPEB liability, calculated using the healthcare cost trend rates, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,933,260	\$ 2,389,443	\$ 3,006,756

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2019, the Compact recognized OPEB expense of \$199,045.

At December 31, 2019, the Compact reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 531,807	\$ 52,626
Differences Between Expected and Actual Experience	-	127,112
	<u>\$ 531,807</u>	<u>\$ 179,738</u>

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

<u>Year Ending December 31</u>	<u>Amount</u>
2020	\$ 42,442
2021	42,442
2022	42,442
2023	42,442
2024	42,442
Thereafter	139,859
Total	<u>\$ 352,069</u>

**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 RELATED PARTY TRANSACTIONS**

**Cape and Vineyard Electric Cooperative (CVEC)**

The Compact is a Member of CVEC, whose purpose is to develop and/or own renewable electric generation facilities and procure and/or sell long-term electric supply or other energy-related goods or services at competitive prices to its Members and consumers within its Member communities.

*Renewable Energy Certificates*

RECs purchased by CVEC are sold to the Compact for an amount equal to CVEC's cost for the Compact's Green Power Supply Program. Purchases for the year ended December 31, 2019 totaled \$42,480.

**NOTE 9 OPERATING LEASES**

The Compact is committed under operating lease agreements for office space and vehicles used by the Compact. Future minimum payments under these operating leases are as follows:

<u>Calendar Year</u>	<u>Vehicles</u>	<u>Office Space</u>
2020	\$ 9,761	\$ 90,000
2021	3,140	90,000

Lease expenses for the agreements for the year ended December 31, 2019 totaled \$99,761 and are reported as other operating expenses.

**NOTE 10 COMMITMENTS**

The Compact participates in ISO New England's forward capacity market and has made commitments to deliver specified units of energy efficiency at a fixed price per unit. If the Compact fails to deliver its capacity supply obligation it is subject to penalties determined by the rules of the forward capacity market. The Compact has obtained a \$2,000,000 letter of credit to meet the financial assurance requirements of ISO New England, which is secured by a \$2,000,000 line of credit.

On November 20, 2018, the Compact entered into a Power Purchase Agreement (PPA) with Farmington Solar, LLC to purchase 5 megawatts of energy and REC's generated by a photovoltaic solar electric energy generating facility (Facility) to be constructed and owned by Farmington Solar, LLC.

The term of the PPA is 20 years following and including the commercial operation date (as defined in the PPA), which is anticipated to be sometime during 2021. All energy delivered to the Compact under the PPA will be at a fixed contract price. To support the Compact's obligations under the PPA, the Compact must provide a letter of credit (ranging from \$5,000,000 in the first year of operation to \$219,000 in the last year of operation) in accordance with the terms of the PPA.



**CAPE LIGHT COMPACT JPE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 11 SUBSEQUENT EVENTS**

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Compact, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel.

Management believes the Compact is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

**CAPE LIGHT COMPACT JPE  
REQUIRED SUPPLEMENTARY INFORMATION  
PENSION PLAN SCHEDULES  
YEAR ENDED DECEMBER 31 2019  
(SEE INDEPENDENT AUDITORS' REPORT)**

**PENSION PLAN SCHEDULES**

**SCHEDULE OF THE COMPACT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (1)(2)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Compact's Proportion of the Net Pension Liability	0.434%	0.471%	0.493%
Compact's Proportionate Share of the Net Pension Liability	\$ 3,429,747	\$ 3,202,074	\$ 3,467,247
Compact's Employee Payroll	\$ 1,217,527	\$ 1,423,681	\$ 1,340,875
Compact's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	35.50%	44.46%	38.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.63%	61.86%	57.28%

- (1) Data is being accumulated annually to present 10 years of the reported information  
(2) Measurement date is December 31 of the prior year

**SCHEDULE OF COMPACT CONTRIBUTIONS (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Required Contribution	\$ 315,737	\$ 337,761	\$ 277,827
Contributions in Relation to the Actuarially Required Contribution	<u>(315,737)</u>	<u>(337,761)</u>	<u>(277,827)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Compact's Employee Payroll	\$ 1,217,527	\$ 1,423,681	\$ 1,340,875
Contributions as a Percentage of Employee Payroll	25.93%	23.72%	20.72%

- (1) Data is being accumulated annually to present 10 years of the reported information

**CAPE LIGHT COMPACT JPE  
REQUIRED SUPPLEMENTARY INFORMATION  
POSTEMPLOYMENT BENEFIT SCHEDULES  
YEAR ENDED DECEMBER 31 2019  
(SEE INDEPENDENT AUDITORS' REPORT)**

**SCHEDULE OF CHANGES IN THE COMPACT'S TOTAL OPEB LIABILITY  
AND RELATED RATIOS (1) (2)**

	2019	2018
<b>TOTAL OPEB Liability</b>		
Service Cost	\$ 80,400	\$ 103,165
Interest	76,203	64,339
Differences between Expected and Actual Experience	-	(176,002)
Changes in Assumptions	479,684	145,966
Benefit Payments	(49,611)	(29,366)
Change in Total OPEB Liability	586,676	108,102
 Total OPEB Liability - Beginning	 1,802,767	 1,708,578
 Total OPEB Liability - Ending	 \$ 2,389,443	 \$ 1,816,680

(1) Data is being accumulated annually to present 10 years of the reported information.

(2) Measurement date is December 31, with the exception of 2018 which was a measurement date of June 30, 2018. It was not practical to restate the 2018 amounts as the rollforward was performed for 6 months to bring to the new measurement date.

**CAPE LIGHT COMPACT JPE**  
**COMBINING STATEMENT OF NET POSITION BY PROGRAM**  
**DECEMBER 31, 2019**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

<b>ASSETS</b>	Energy Efficiency	Power Supply Reserve	OPEB/Pension Reserve Fund	Operating	Green/Solar Programs	Total
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 10,430,319	\$ 898,628	\$ 3,731,375	\$ 369,144	\$ 117,397	\$ 15,546,863
Receivables, Net of Allowance for Uncollectible Amounts:						
Energy Efficiency	439,182	-	-	-	-	439,182
Energy Efficiency Reconciliation Factor	2,395,529	-	-	-	-	2,395,529
Mil-Adder	-	76,641	-	-	-	76,641
Green Program	-	-	-	-	502	502
Forward Capacity Market	468,334	-	-	-	-	468,334
Intergovernmental (RGGI)	203,838	-	-	-	-	203,838
Other	36,881	-	-	-	-	36,881
Prepaid Expenses	7,200	-	-	300	322,832	330,332
<b>Total Current Assets</b>	<b>13,981,283</b>	<b>975,269</b>	<b>3,731,375</b>	<b>369,444</b>	<b>440,731</b>	<b>19,498,102</b>
<b>Noncurrent Assets:</b>						
Capital Assets Not Being Depreciated	308,372	-	-	-	-	308,372
<b>Total Assets</b>	<b>14,289,655</b>	<b>975,269</b>	<b>3,731,375</b>	<b>369,444</b>	<b>440,731</b>	<b>19,806,474</b>
<b>DEFERRED OUTFLOWS</b>						
Related to Pensions	843,939	-	-	13,580	-	857,519
Related to OPEB	514,015	-	-	17,792	-	531,807
<b>Total Deferred Outflows</b>	<b>1,357,954</b>	<b>-</b>	<b>-</b>	<b>31,372</b>	<b>-</b>	<b>1,389,326</b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts Payable and Accrued Expenses	8,198,987	13,410	-	41,658	-	8,254,055
Accrued Payroll	43,034	-	-	17,345	-	60,379
Compensated Absences, Current	6,268	-	-	443	-	6,711
<b>Total Current Liabilities</b>	<b>8,248,289</b>	<b>13,410</b>	<b>-</b>	<b>59,446</b>	<b>-</b>	<b>8,321,145</b>
<b>Noncurrent Liabilities:</b>						
Compensated Absences, Net of Current	56,409	-	-	3,988	-	60,397
Total OPEB Liability	2,309,503	-	-	79,940	-	2,389,443
Net Pension Liability	3,375,434	-	-	54,313	-	3,429,747
<b>Total Noncurrent Liabilities</b>	<b>5,741,346</b>	<b>-</b>	<b>-</b>	<b>138,241</b>	<b>-</b>	<b>5,879,587</b>
<b>Total Liabilities</b>	<b>13,989,635</b>	<b>13,410</b>	<b>-</b>	<b>197,687</b>	<b>-</b>	<b>14,200,732</b>
<b>DEFERRED INFLOWS</b>						
Related to Pensions	318,853	-	-	5,131	-	323,984
Related to OPEB	173,725	-	-	6,013	-	179,738
<b>Total Deferred Inflows</b>	<b>492,578</b>	<b>-</b>	<b>-</b>	<b>11,144</b>	<b>-</b>	<b>503,722</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	308,372	-	-	-	-	308,372
Unrestricted	857,024	961,859	3,731,375	191,985	440,731	6,182,974
<b>Total Net Position</b>	<b>\$ 1,165,396</b>	<b>\$ 961,859</b>	<b>\$ 3,731,375</b>	<b>\$ 191,985</b>	<b>\$ 440,731</b>	<b>\$ 6,491,346</b>

**CAPE LIGHT COMPACT JPE  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGE IN NET POSITION BY PROGRAM  
YEAR DECEMBER 31, 2019  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Energy Efficiency	Power Supply Reserve	OPEB/Pension Reserve Fund	Operating	Green/Solar Programs	Eliminations	Total
<b>OPERATING REVENUES</b>							
Energy Efficiency	\$ 4,909,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,909,450
Energy Efficiency Reconciliation Factor	23,146,259	-	-	-	-	-	23,146,259
Mit-Adder	-	928,831	-	-	-	-	928,831
Green Program	-	-	-	-	2,792	-	2,792
Intergovernmental (RGGI)	759,079	-	-	-	-	-	759,079
Intergovernmental (SMART)	-	-	-	-	3,434	-	3,434
Intergovernmental (Other)	36,881	-	-	5,297	-	-	42,178
Other	-	10,000	-	1,933	-	-	11,933
<b>Total Operating Revenues</b>	<b>28,851,669</b>	<b>938,831</b>	<b>-</b>	<b>7,230</b>	<b>6,226</b>	<b>-</b>	<b>29,803,956</b>
<b>OPERATING EXPENSES</b>							
Salaries and Benefits (Excluding Pension and OPEB)	2,161,502	-	-	78,594	-	-	2,240,096
Pension and OPEB	346,842	-	-	(202,621)	-	-	144,221
Energy Efficiency Programs:							
Residential Programs	27,161,035	-	-	-	-	-	27,161,035
Low Income Programs	3,411,145	-	-	-	-	-	3,411,145
Commercial and Industrial Programs	8,436,985	-	-	-	-	-	8,436,985
Other Programs	593,757	-	-	-	-	-	593,757
Legal and Related Consulting Services	532,366	-	-	102,230	-	-	634,596
Other Professional Services	103,365	-	-	2,743	-	-	106,108
Marketing	360,640	-	-	113,200	-	-	473,840
Other Operating	553,804	-	-	261,305	6,760	-	821,869
Depreciation	154,186	-	-	-	-	-	154,186
<b>Total Operating Expenses</b>	<b>43,815,627</b>	<b>-</b>	<b>-</b>	<b>355,451</b>	<b>6,760</b>	<b>-</b>	<b>44,177,838</b>
<b>Operating Income (Loss)</b>	<b>(14,963,958)</b>	<b>938,831</b>	<b>-</b>	<b>(348,221)</b>	<b>(534)</b>	<b>-</b>	<b>(14,373,882)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Forward Capacity Market	6,492,056	-	-	-	-	-	6,492,056
Renewable Energy Certificates	-	-	-	-	4,496	-	4,496
Investment Income	173,531	15,083	12,855	19,361	-	-	220,830
<b>Total Nonoperating Revenues (Expenses), Net</b>	<b>6,665,587</b>	<b>15,083</b>	<b>12,855</b>	<b>19,361</b>	<b>4,496</b>	<b>-</b>	<b>6,717,382</b>
<b>Income (Loss) Before Transfers</b>	<b>(8,298,371)</b>	<b>953,914</b>	<b>12,855</b>	<b>(328,860)</b>	<b>3,962</b>	<b>-</b>	<b>(7,656,500)</b>
<b>TRANSFERS</b>							
Transfers In	-	135	333,084	848,693	-	(333,219)	848,693
Transfers Out	(321,940)	(848,693)	-	(11,144)	(135)	333,219	(848,693)
<b>Total Transfers</b>	<b>(321,940)</b>	<b>(848,558)</b>	<b>333,084</b>	<b>837,549</b>	<b>(135)</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>(8,620,311)</b>	<b>105,356</b>	<b>345,939</b>	<b>508,689</b>	<b>3,827</b>	<b>-</b>	<b>(7,656,500)</b>
Net Position - Beginning of Year (As Restated)	9,785,707	856,503	3,385,436	(316,704)	436,904	-	14,147,846
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<b>\$ 1,165,396</b>	<b>\$ 961,859</b>	<b>\$ 3,731,375</b>	<b>\$ 191,985</b>	<b>\$ 440,731</b>	<b>\$ -</b>	<b>\$ 6,491,346</b>

**CAPE LIGHT COMPACT JPE  
RECONCILIATION OF AUDITED ENERGY EFFICIENCY GAAP  
EXPENSES TO DEPARTMENT OF PUBLIC UTILITIES (DPU) REPORT  
YEAR ENDED DECEMBER 31, 2019  
(SEE INDEPENDENT AUDITORS' REPORT)**

Energy Efficiency Operating Fund Expenses Reported on 2019 Combining Statement of Revenues, Expenses and Change in Net Position (Page 29)	\$ 43,815,627
<u>Reconciling items:</u>	
To Record Net Change in Accrued Expenses	(6,926)
To Record Net Change in Accrued Payroll	10,049
To Record Net Pension Liability, Net of Deferred Outflows and Inflows	(337,842)
To Record Total OPEB Liability, Net of Deferred Outflows and Inflows	(144,435)
To Record Net Change in Accrued Compensated Absences	26,596
Transfers Made to the OPEB and Pension Reserve Fund	321,940
Net Prior Year and Current Year Commitments reported in DPU Report	(945,104)
Grant Expenditures	(36,881)
Amortization of Capitalized Expenses	<u>(154,186)</u>
Total Reconciling Items	<u>(1,266,789)</u>
2019 Energy Efficiency Expenses Reported on the 2019 Annual Report	<u>\$ 42,548,838 (A)</u>

(A) This amount is reported on the modified accrual basis of accounting and reviewed annually by the DPU

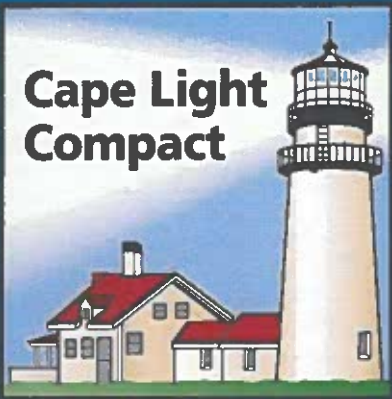
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,  
an SEC-registered investment advisor. | CliftonLarsonAllen LLP



**CY2020 Operating Budget as of October 9, 2020**

ORG	OBJECT	ACCOUNT DESCRIPTION	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	AVAILABLE BUDGET	% USED
01001	5110	OP-SALARIES	45,000	45,000	35,412.43	9,588	78.70
01001	5119	OP-SALARY RESERVE	5,000	5,000	0.00	5,000	0.00
01001	5171	OP-RETIREMENT	13,503	13,503	9,773.79	3,729	72.40
01001	5173	OP-GROUP INSURANCE	12,035	12,035	13,813.81	-1,779	114.80
01001	5174	OP-MEDICARE/OTHER TAXES	1,275	1,000	310.62	689	31.10
01001	5175	STATE UNEMPLOYMENT INSURANCE	0	275	53.65	221	19.50
01001	5179	OP-MISC FRINGES	500	500	231.00	269	46.20
01001	5180	OP-RETIREMENT LIABILITY	42,700	42,700	0.00	42,700	0.00
01001	5181	OP-OPEB LIABILITY	15,000	15,000	0.00	15,000	0.00
01001	5210	OP-UTILITIES	500	500	45.00	455	9.00
01001	5270	OP-MISC RENTALS	1,000	1,000	0.00	1,000	0.00
01001	5272	OP-RENT	3,600	3,600	2,700.00	900	75.00
01001	5290	OP-CUSTODIAL SERVICES	800	800	719.88	80	90.00
01001	5301	OP-ADVERTISING	160,000	160,000	109,346.05	50,654	68.30
01001	5309	OP-IT SERVICES	398	398	310.70	87	78.10
01001	5313	OP-STAFF PROFESSIONAL DEVELOP	5,000	3,400	3,704.73	-305	109.00
01001	5314	OP-PAYROLL SERVICES	80	1,080	921.53	158	85.30
01001	5315	OP-LEGAL SERVICES	195,000	195,000	153,403.36	41,597	78.70
01001	5316	OP-AUDIT FEES	1,000	1,000	1,161.70	-162	116.20
01001	5318	OP-TREASURY SERVICES	1,000	1,000	452.10	548	45.20
01001	5319	OP-CONTRACTUAL	20,000	20,000	13,559.00	6,441	67.80
01001	5320	OP-OUTREACH/MARKETING CONTRACT	100,000	100,000	62,228.62	37,771	62.20
01001	5341	OP-POSTAGE	10,000	10,000	5,184.81	4,815	51.80
01001	5343	OP-TELEPHONES	1,257	2,857	1,740.70	1,116	60.90
01001	5344	OP-INTERNET	587	2,187	1,323.30	864	60.50
01001	5345	OP-PRINTING	12,500	12,500	7,852.72	4,647	62.80
01001	5400	OP-SUPPLIES	1,500	1,500	63.72	1,436	4.20
01001	5490	OP-FOOD SUPPLIES	500	500	382.02	118	76.40
01001	5710	OP-TRAVEL IN STATE	17,000	14,400	1,915.67	12,484	13.30
01001	5720	OP-TRAVEL OUT STATE	6,000	6,000	1,645.32	4,355	27.40
01001	5730	OP-SPONSORSHIPS	41,800	41,800	26,137.00	15,663	62.50
01001	5731	OP-SUBSCRIPTIONS	20,000	20,000	18,944.50	1,056	94.70
01001	5732	OP-SOFTWARE LICENSES	1,225	1,225	1,431.34	-206	116.80
01001	5741	OP-INSURANCE	15,000	15,000	12,562.11	2,438	83.70
01001	5789	OP-UNPAID BILLS	2,000	2,000	0.00	2,000	0.00
01001	5850	OP-MISC EQUIPMENT	500	500	427.95	72	85.60
01001	5854	OP-FINANCIAL SOFTWARE SYSTEM	1,000	1,000	64.00	936	6.40
01001	5855	OP-COMPUTER EQUIPMENT	3,000	3,000	0.00	3,000	0.00
		<b>Total 01 OPERATING FUND</b>	<b>757,260</b>	<b>757,260</b>	<b>487,823.13</b>	<b>269,437</b>	<b>64.40</b>
		<b>Expense Total</b>	<b>\$ 757,260.00</b>	<b>\$ 757,260.00</b>	<b>\$ 487,823.13</b>	<b>\$ 269,436.87</b>	<b>64.40</b>
		<b>2020 Power Supply Revenue thru August 31</b>	<b>\$ 659,822.00</b>				





**Cape Light  
Compact**

*Your Trusted, Local  
Energy Resource*

# C&I Updates

10/14/20



# Small Commercial Heat Pumps

- NEW Offer as of 8/1/20!
- Eligible ductless and ducted air-source heat pump systems <5.4 tons
  - Must be on the Mass Save Qualified Products List found at [MassSave.com/HPQPL](http://MassSave.com/HPQPL)
- Mirrors Residential Offering
- Application submitted after install via online portal or by email to CLC
- More information can be found at [MassSave.com/CI-HVAC](http://MassSave.com/CI-HVAC)

## Standard heat pump incentives

Equipment type	Incentive amount <sup>1</sup>
Central Ducted Heat Pump, Ductless Mini- or Multi-Split	<b>\$250</b> per ton

## Energy optimization heat pump incentives

Equipment type	Primary fuel type	Incentive amount <sup>1</sup>
Central Ducted Heat Pump, Ductless Mini- or Multi-Split	Oil, Propane or Electric Resistance Heat	<b>\$1,250</b> per ton

\*EO - Integrated controls required for oil or propane heat, unless central heating system is removed



# Small Business Offerings

## Enhanced Incentives

- Up to 100% incentive
- Some of the eligible measures include:
  - Lighting, thermostats, controls, water-saving devices, refrigeration and more

## Eligible Customers

- Customers with annual usage less than 1.5 million kWh\*
- Non-profit organizations who own or rent their building also eligible for these incentives

## Timeframe

- Call 1-800-797-6699 to sign up for a no-cost energy assessment of your facility
- Enhanced incentives extended through June 2021
- May also sign up online at [CapeLightCompact.org/ExistingBuilding](https://CapeLightCompact.org/ExistingBuilding)

\* For customers over 1.5 million kWh, please contact Cape Light Compact for available incentives



# Commercial Lighting – Instant Incentives

- Instant savings available at participating electrical distributor
- May use your own contractor or installer
- Incentives increased on the following measures:
  - Interior LED Fixtures with Controls
  - Exterior LEDs with Controls
  - Parking Garage & Canopy with Controls
  - And More...
- Timing
  - Ends 11/30/20
- For more information, full list of available incentives and a list of distributors, visit [MassSave.com/Upstream-Lighting](https://www.mass.gov/info-details/mass-save-commercial-lighting-program)



# Commercial Kitchen Equipment – Instant Incentives

- Incentives available at participating foodservice dealers
- Incentives increased on the following electric measures:
  - Combination Oven
  - Steamer
  - Fryer
  - Dishwashers
  - Freezers and Refrigerators
- Timing
  - Promotion ends 11/30/20
- For more information, full list of available incentives, and a list of dealers, visit [MassSave.com/Instant-Rebates](https://www.mass.gov/info-details/mass-save-commercial-kitchen-equipment-incentives). *Incentives also available for natural gas equipment.*



# Commercial HVAC Equipment – Instant Incentives

- Incentives available at participating HVAC dealers on high-efficiency:
  - Air-Conditioning Rooftop Units\*
  - Heat Pumps >5.4 tons\*
  - VRF (variable refrigerant flow) Systems
  - ECM Pumps
  - High-Efficiency Condensing Units for Refrigeration\*
  - HVAC Controls
- \*Contractor incentive of \$100 on select equipment valid through 11/30/20
- For more information, full list of available incentives, and a list of distributors, visit [MassSave.com/CI-HVAC](https://www.mass.gov/info-details/mass-save-program).



# 2021 Energy Efficiency Surcharge (EES)

Cape Light Compact Governing Board Meeting

October 14, 2020

**Cape Light  
Compact**



*Working together toward a smarter energy future*

# What is the EES?



- Energy Efficiency Surcharge (EES) is the primary source of funding for Compact's, and utility Program Administrators, energy efficiency programs. Also known as Energy Efficiency Reconciliation Factor (EERF)
- The Compact's effective EES date is January 1<sup>st</sup> of each year and the proposed EES must be filed 60 days prior
- The rate proposed each year reflects:
  - the Program Administrator's most recent projections of budgets
  - revenues from non-EES funding sources
  - Sales for the current year
  - a reconciliation of any under- or over-recovery of costs from the previous year



# How is the EES calculated?



- The EES is designed such that, if revenue and expenditures are exactly as planned, then the Compact's bank account would be \$0 at year end
- In the real world, both expenditures and revenue vary from the plan, and there is a positive or negative balance at year end (i.e., carryover)
- Annually, the EES fully reconciles the Compact's change in expenditures and revenue

# What are all the pieces that fund the Compact's programs?



- SBC: The System Benefits Charge is a charge of \$0.25 per kWh on customers' bills.
- FCM: Revenue from the Forward Capacity Market auction run by ISO.
- RGGI: Revenue from the Regional Greenhouse Gas Initiative was shifted to other state programs.
- EES: The Energy Efficiency Surcharge collects from customers the remainder of the Compact's budget.

# What is the EES calculation?



## 2021 Revenues & Expenditures

Total Expenditures	<u>\$ 50,229,456</u>
<u>Revenues</u>	
2020 Carryover	\$ 6,948,454
2021 SBC	\$ 4,811,314
2021 FCM	\$ 2,921,782
2021 RGGI	\$ -
2021 Interest	\$ (68,373)
Subtotal	<u>\$ 14,613,177</u>
<b>2021 EES</b>	<b>\$ 35,616,279</b>
Total Revenues	<u>\$ 50,229,456</u>

- \* Carryover is the ending balance from the previous year.
- \* Interest projections are calculated on each sector's monthly balance, and summed for the year.

# What is the Compact's 2021 budget?



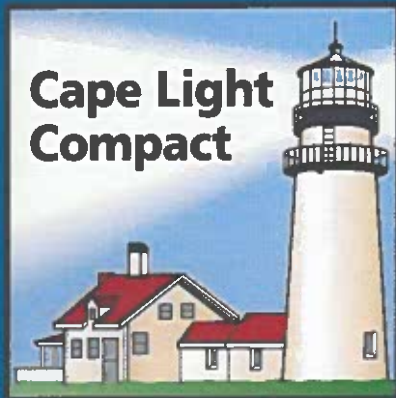
Sector	2019-2021 Plan	2021 EES	Difference	Change (%)
Residential	\$ 32,933,812	\$26,739,426	\$ (6,194,386)	-19%
Income Eligible	\$ 12,438,639	\$ 5,554,868	\$ (6,883,772)	-55%
C&I	\$ 16,458,374	\$17,935,162	\$ 1,476,788	9%
<b>Total</b>	<b>\$ 61,830,825</b>	<b>\$50,229,456</b>	<b>\$(11,601,370)</b>	<b>-19%</b>

# What are the proposed 2021 EES rates and monthly customer bill impacts?



EES Rates (¢ / kWh)			
Sector	2020 in Effect	2021 in Plan	2021 Proposed
Residential	2.162	3.276	2.576
Income Eligible	0.167	0.506	0.147
C&I	1.210	2.291	1.083

2021 in Effect vs. 2021 Proposed		
Sector	Bill Impact \$	Bill Impact %
Residential	\$2.14	1.8%
Income Eligible	-\$0.06	-0.1%
C&I	-\$473.83 - -\$0.58	-0.8% - -0.4%



**Cape Light  
Compact**

*Your Trusted, Local Energy Resource*

**U.S. Department of  
Agriculture Rural Energy  
Savings Program (RESP)  
Compact Governing Board  
October 14, 2020**

# USDA RESP Loan Program

## **Compact Submitted Letter of Intent (LOI) May 29, 2020**

- LOI approved and Compact invited to proceed with loan application on August 17, 2020
- Application due November 16, 2020
- Loan Application Checklist
  - Cover Letter
  - Board Resolution approving establishment of program
  - Compact Joint Powers Agreement
  - Multi-tier Action Environmental Compliance Agreement
  - 10-Year Long Range Financial Forecast
  - Implementation Workplan
  - Measurement and Verification Plan



# USDA RESP Loan Program

- Loan Application Checklist (continued)
  - USDA Compliance Forms
    - Attorney's Opinion Letter
    - Form 400
    - Form AD-1049
    - Form Ad-1047
    - Lobbying Certification
    - Certification on Federal Debt Delinquency





# Questions for Board

**Loan Parameters: (1) loan is between Compact and customer; (2) 50% of loan amount is awarded in year one (\$2,495,000); and (3) anticipate between 50-65 loans**

- Interest Rate: Can charge up to 5% interest rate
  - Recommend keeping interest rate as low as possible.
  - Charge an interest rate of X% to cover cost of administering the program?
  - Should it be a sliding scale based on income?
  - Include Closing fees?
- Term: defined by RESP is 10 years
- Eligible Projects
  - All energy efficiency measures in CLC Technical Resource Manual (TRM) plus solar PV, battery storage, residential EV, and roof/repair replacement when paired with solar loan
- Amount: up to \$50,000



# Questions for Board

## **Loan Administration - Hire a Third-Party Administrator?**

- Cape Cod Five Cents Savings Bank
  - Fee for services
    - Establish a separate bank account for RUS funds
    - Credit check on potential borrowers
    - Invoice Borrowers
- Establish a Loan Loss Reserve
  - 1% of total amount borrowed from RUS?
- Form of Collateral for RUS Loan?
  - Letter of Credit (LOC)
  - CC5 committed to same rate at ISONE FCM LOC
- Should Compact use Operating Budget versus building all costs into loan interest rate?



# Questions for Board

- Require an Energy Audit as pre-condition?
  - New or “x” years if implemented all measures
  - Require implementation of recommended measures that do not require co-pay?
  - Require implementation of recommended measures?
- Solar PV Loan: most likely use of funds
  - RUS Requirement: applicant must pass credit check
  - Recommended: applicant own building
  - Recommended: model after MA CEC former solar loan program
  - Should loan be limited to residential or should we allow small business?



# Projected Expenses of RESP Loan

- Cape Cod Five Cents Savings Bank
  - Fee for services = \$
- 1% Loan Loss Reserve = \$49,000
- Cost of \$1.4 M Letter of Credit = \$12,600
- Additional Federal Audit Requirements = \$15,000
- Technical Assistance: Developing Customer Loan Applications and Review of Customers' Solar Application= \$30,000
  - Intent is to contract for services



**Agenda Action Request  
Cape Light Compact  
Meeting Date: 10/14/2020**



- Aquinnah
- Barnstable
- Bourne
- Brewster
- Chatham
- Chilmark
- Dennis
- Dukes County
- Eastham
- Edgartown
- Falmouth
- Harwich
- Mashpee
- Oak Bluffs
- Orleans
- Provincetown
- Sandwich
- Tisbury
- Truro
- Wellfleet
- West Tisbury
- Yarmouth

**Resolution in Support of the USDA Rural Energy Savings Program (RESP)**

**REQUESTED BY:** *Maggie Downey*

***Proposed Motion(s)***

*I move the CLCJPE Board of Directors vote to adopt the attached Resolution as part of its loan application to the US Department of Agriculture Rural Utilities Service.*

*The Compact Administrator is authorized and directed to take all actions necessary or appropriate to implement this vote, and to execute and deliver all documents as may be necessary or appropriate to implement this vote.*

***Additional Information***

See attached Resolution

***Record of Board Action***

Motion by:	Second by:	# Aye	# Nay	# Abstain	Disposition

**RESOLUTION**  
**ESTABLISHING THE**  
**CAPE LIGHT COMPACT JPE RURAL ENERGY SAVINGS PROGRAM**

**WHEREAS**, Cape Light Compact JPE has developed the Cape Light Compact Rural Energy Savings Program (CLC RESP) for the rural areas in our service territory intended to be funded with the proceeds from the United States Department of Agriculture’s Rural Energy Savings Program;

**WHEREAS**, Cape Light Compact JPE will offer cost effective energy efficiency measures, solar PV, battery storage to our customers on Cape Cod and Martha’s Vineyard;

**WHEREAS**, Cape Light Compact JPE has developed a comprehensive implementation work plan and financial forecast for CLC RESP;

**WHEREAS**, Cape Light Compact JPE has developed a comprehensive measurement and verification program in connection with CLC RESP;

**WHEREAS**, the financial forecast, the implementation work plan and the measurement and verification program, and related documents will be considered by the Rural Utilities Service, an agency of the United States Department of Agriculture, in making a determination to make a financially feasible and adequately secure loan to Cape Light Compact JPE;

**WHEREAS**, Cape Light Compact JPE intends to submit a loan application under the Rural Energy Savings Program Loan as prescribed in the Rules and Regulations published in the Federal Register, Vol. 85, No. 64 on April 2, 2020;

**NOW THEREFORE BE IT RESOLVED**, that Cape Light Compact JPE approves the implementation work plan, the financial forecast and related documents in connection to the CLC RESP,

**BE IT ALSO RESOLVED**, that Cape Light Compact JPE’s Administrator, officers, managers, and staff are authorized to carry out all necessary actions –including but not limited to the executing and attesting all necessary documentation- in connection with the loan application to participate in the Rural Energy Savings Program as provided in the Notice of Solicitation of Applications (NOSA);

**BE IT FURTHER RESOLVED** that Cape Light Compact JPE’s officers are authorized to apply and take a loan in the amount of \$4,900,000.00 to carry out CLC RESP;

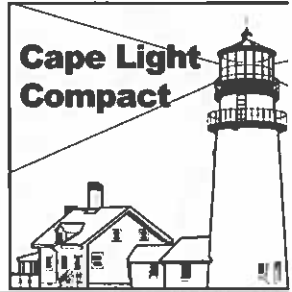
**BE IT ALSO RESOLVED**, that the loan shall bear a maturity date to cover an approximate period of twenty (20) years.

## CERTIFICATION OF SECRETARY

I, David Anthony, Secretary of Cape Light Compact JPE, do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Cape Light Compact JPE Board of Directors of the Cape Light Compact JPE on October 14, 2020, at which a quorum was present and voted.

David Anthony, Secretary

**Agenda Action Request  
Cape Light Compact  
Meeting Date: 10/14/2020**



- Aquinnah
- Barnstable
- Bourne
- Brewster
- Chatham
- Chilmark
- Dennis
- Dukes County
- Eastham
- Edgartown
- Falmouth
- Harwich
- Mashpee
- Oak Bluffs
- Orleans
- Provincetown
- Sandwich
- Tisbury
- Truro
- Wellfleet
- West Tisbury
- Yarmouth

**Resolution in Support of Execution of Loan Documents in Connection with the USDA Rural Energy Savings Program (RESP)**

***Proposed Motion(s)***

I move that the CLC|PE Board of Directors vote to authorize the Treasurer and the Compact Administrator to execute loan documents with the Rural Utilities Service on behalf of the Cape Light Compact JPE, and attest to the execution where required.

*The Compact Administrator is authorized and directed to take all actions necessary or appropriate to implement this vote, and to execute and deliver all documents as may be necessary or appropriate to implement this vote.*

***Additional Information***

This vote is required in connection with the attorney opinion letter to be given in connection with the RUS RESP loan documents.

***Record of Board Action***

Motion by:	Second by:	# Aye	# Nay	# Abstain	Disposition



**DISCLOSURE BY NON-ELECTED MUNICIPAL EMPLOYEE OF FINANCIAL INTEREST  
AND DETERMINATION BY APPOINTING AUTHORITY  
AS REQUIRED BY G. L. c. 268A, § 19**

<b>MUNICIPAL EMPLOYEE INFORMATION</b>	
Name:	Margaret T Downey
Title or Position:	Administrator
Municipal Agency:	Cape Light Compact JPE
Agency Address:	261 Whites Path, Unit #4 South Yarmouth, MA 02664
Office Phone:	508-375-6636
Office E-mail:	mdowney@capelightcompact.org
	My duties require me to participate in a particular matter, and I may not participate because of a financial interest that I am disclosing here. I request a determination from my appointing authority about how I should proceed.
<b>PARTICULAR MATTER</b>	
Particular matter  E.g., a judicial or other proceeding, application, submission, request for a ruling or other determination, contract, claim, controversy, charge, accusation, arrest, decision, determination, or finding.	Please describe the particular matter.  <i>As the Compact's representative to the Cape Cod Municipal Health Group, I participate in deliberations and votes that affect the benefits and costs of health insurance, including the following: 1) copayments; 2) deductibles; 3) tiered provider network copayments; (4) and other cost-sharing plan design features.</i>
Your required participation in the particular matter:  E.g., approval, disapproval, decision, recommendation, rendering advice, investigation, other.	Please describe the task you are required to perform with respect to the particular matter.  <i>I participate in deliberations and votes that affect the benefits and costs of health insurance.</i>
<b>FINANCIAL INTEREST IN THE PARTICULAR MATTER</b>	
Write an X by all that apply.	<input checked="" type="checkbox"/> I have a financial interest in the matter. <input type="checkbox"/> My immediate family member has a financial interest in the matter. <input type="checkbox"/> My business partner has a financial interest in the matter. <input type="checkbox"/> I am an officer, director, trustee, partner or employee of a business organization, and the

	<p>business organization has a financial interest in the matter.</p> <p><input type="checkbox"/> I am negotiating or have made an arrangement concerning future employment with a person or organization, and the person or organization has a financial interest in the matter.</p>
Financial interest in the matter	<p>Please explain the financial interest and include a dollar amount if you know it.</p> <p><i>I participate in deliberations and votes that affect the benefits and costs of my health insurance (etc.)</i></p>
Employee signature:	
Date:	October 14, 2020

#### DETERMINATION BY APPOINTING OFFICIAL

APPOINTING AUTHORITY INFORMATION	
Name of Appointing Authority:	Cape Light Compact JPE Governing Board
Title or Position:	Chair
Agency/Department:	Cape Light Compact JPE
Agency Address:	261 Whites Path, Unit #4 South Yarmouth, MA 02664
Office Phone:	N/A
Office E-mail	rzweig@capelightcompact.org
DETERMINATION	
Determination by appointing authority:	As Chair of the appointing authority, as required by G.L. c. 268A, § 19, I have reviewed the particular matter and the financial interest identified above by a Compact employee. I have determined that the financial interest is not so substantial as to be deemed likely to affect the integrity of the services which the Compact may expect from the employee.
Appointing Authority signature:	
Date:	October 14, 2020
Comment:	

**Attach additional pages if necessary.**

**The appointing authority shall keep this Disclosure and Determination as a public record.**

**Form revised February, 2012**