

**OTIS MUNICIPAL LIGHT PLANT**  
Financial Statements  
December 31, 2024 and 2023

OTIS MUNICIPAL LIGHT PLANT  
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DECEMBER 31, 2024 AND 2023

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GOULET, SALVIDIO  
& ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
Otis Municipal Light Plant  
Otis, Massachusetts 01253

***Opinion***

We have audited the accompanying financial statements of Otis Municipal Light Plant as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Otis Municipal Light Plant as of December 31, 2024 and 2023, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plant's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditors standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditors standards, we:

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

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

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Otis Municipal Light Plant and do not purport to, and do not, present fairly the financial position of the Town of Otis, Massachusetts, as of December 31, 2024 and 2023, and the changes in financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages four through six be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 as a whole. The Schedule of Operation and Maintenance Expenses on page 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Goulet, Salvidio & Associates, P.C.

*Goulet, Salvidio & Associates, P.C.*

Worcester, Massachusetts  
March 18, 2026

## MANAGEMENT’S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Otis Municipal Light Plant’s financial activities for the years ended December 31, 2024 and 2023.

Otis Municipal Light Plant provides broadband services to the residents, businesses and municipal customers of the Town of Otis and generates wind power for sale to power suppliers. Because Otis Municipal Light Plant is owned by the Town and not by investors, our net profit is returned to our customers in the way of stable rates and better service. As management of Otis Municipal Light Plant, we offer readers of the basic financial statements this narrative overview and analysis of the financial activities of Otis Municipal Light Plant.

### Overview of the Financial Statements

The basic financial statements include (1) The Statement of Net Position (2) The Statement of Revenues, Expenses and Changes in Net Position (3) The Statement of Cash Flows and (4) Notes to The Financial Statements. The Statement of Net Position is designed to indicate our financial position as of a specific point in time. At December 31, 2024 and 2023, our net position increased by \$484,275, or 8.8%, and \$631,993, or 13.0%, respectively. Increases and decreases in net position may serve as a useful indicator of whether the financial position of Otis Municipal Light Plant is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position summarize our operating results. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As discussed in more detail below, our net income for December 31, 2024 and 2023 was \$484,275 and \$631,993, respectively.

The Statement of Cash Flows provides information about the cash receipts and cash payments during the accounting period. It also provides information about the investing and financing activities for the same period. A review of our Statement of Cash Flows indicates that cash receipts from operating activities, (that is, fiber sales, wind generation sales and related services) adequately cover our operating expenses, as well as our capital projects, and provided sufficient funds to reserve for future capital.

### Summary of Net Position

	2024	2023
Current Assets	\$ 2,988,574	\$ 2,813,932
Noncurrent Assets	9,232,985	9,558,160
Total Assets	\$ 12,221,559	\$ 12,372,092
Current Liabilities	\$ 731,597	\$ 901,405
Noncurrent Liabilities	5,505,000	5,970,000
Total Liabilities	6,236,597	6,871,405
Net Position:		
Net Investment in Capital Assets	3,262,985	3,143,160
Unrestricted Net Position	2,721,977	2,357,527
Total Net Position	5,984,962	5,500,687
Total Liabilities and Net Position	\$ 12,221,559	\$ 12,372,092

### Summary of Changes in Net Position

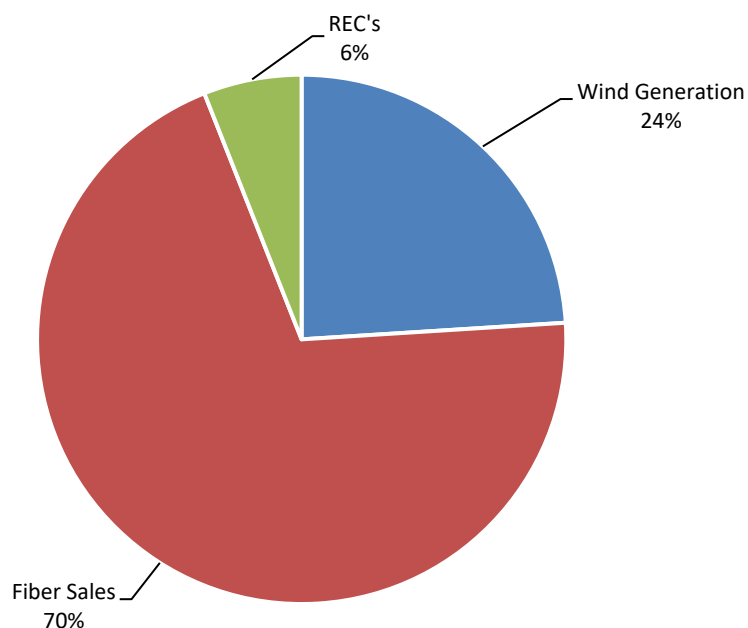
	2024	2023
Operating Revenues	\$ 1,658,906	\$ 1,736,594
Operating Expenses	(1,145,373)	(1,160,337)
Operating Income	513,533	576,257
Nonoperating Revenues (Expenses)	(29,258)	55,736
Income Before Contributions and Transfers	484,275	631,993
Net Position, January 1	5,500,687	4,868,694
Net Position, December 31	\$ 5,984,962	\$ 5,500,687

#### Financial Highlights:

Operating revenues for the years ended December 31, 2024 and 2023 were \$1,658,906 and \$1,736,594, respectively. Operating revenues consist of sales of fiber services, wind generation sales and renewable energy credits (RECs). The chart below shows the percentage of revenues by source.

Operating expenses for the years ended December 31, 2024 and 2023 were \$1,145,373 and \$1,160,337, respectively. Operating expenses consist of maintenance, supplies, insurance expense, license fees and fiber administration fees.

#### Source of 2024 Operating Revenues



## **Net Utility Plant and Debt Administration:**

### Net Utility Plant

Net Utility plant is carried on the books at original cost less accumulated depreciation. Plant assets consist of the wind generation plant assets, broadband plant assets, and solar plant assets. During the years ended December 31, 2024 and 2023 utility plant asset additions totaled zero and \$16,887, respectively, related to additional broadband installations, and annual depreciation (3%) was \$325,175 and \$324,668, respectively. These resulted in a decrease in net book value of \$325,175 and \$307,781, respectively.

### Debt Administration

In November 2015, the Town of Otis issued a Clean Renewable Energy Bond in the amount of \$6,225,000. The purpose was to finance the construction of the Wind Turbine and Generation Site. Principal payments are due annually on May 1, with interest due bi-annually on May 1 and November 1 at a variable rate of 1.25% to 4%. The outstanding principle balance of this bond as of December 31, 2024 and 2023 was \$3,870,000 and \$4,150,000, respectively.

In May 2020, the Town of Otis issued a General Obligation Bond in the amount of \$2,861,111. The purpose of financing was to fund the construction of the Broadband Network. Principal payments are due annually on November 1, with interest due bi-annually on May 1 and November 1 at a rate of 2% to 5%. The outstanding principle balance of this bond as of December 31, 2024 and 2023 was \$2,100,000 and \$2,265,000, respectively.

OTIS MUNICIPAL LIGHT PLANT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS:		
Funds on Deposit with Town Treasurer:		
Operating Cash	\$ 2,617,850	\$ 2,256,293
Customer Accounts Receivable	92,448	90,330
Other Accounts Receivable	269,077	416,768
Materials and Supplies	0	39,602
Prepayments	9,199	10,939
TOTAL CURRENT ASSETS	2,988,574	2,813,932
NONCURRENT ASSETS:		
Utility Plant Assets, Net	9,232,985	9,558,160
TOTAL ASSETS	\$ 12,221,559	\$ 12,372,092

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:		
Accounts Payable	\$ 112,237	\$ 113,570
Accrued Interest on Bonds	128,623	182,098
Due to Related Party	25,737	160,737
Bonds Payable, Current Portion	465,000	445,000
TOTAL CURRENT LIABILITIES	731,597	901,405
NONCURRENT LIABILITIES:		
Bonds Payable, Net of Current Portion	5,505,000	5,970,000
TOTAL LIABILITIES	6,236,597	6,871,405
NET POSITION:		
Net Investment in Capital Assets	3,262,985	3,143,160
Unrestricted Net Position	2,721,977	2,357,527
TOTAL NET POSITION	5,984,962	5,500,687
TOTAL LIABILITIES AND NET POSITION	\$ 12,221,559	\$ 12,372,092

See Accompanying Notes to the Financial Statements

OTIS MUNICIPAL LIGHT PLANT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING REVENUES:		
Sale of Fiber Services	\$ 1,159,500	\$ 1,138,381
Wind Generation Sales	396,386	512,825
Renewable Energy Credits	103,020	85,388
	1,658,906	1,736,594
OPERATING EXPENSES:		
Operation and Maintenance	820,198	835,669
Depreciation	325,175	324,668
	1,145,373	1,160,337
OPERATING INCOME	513,533	576,257
NONOPERATING REVENUES (EXPENSES):		
Clean Renewable Energy Bond Subsidy Income	153,618	192,560
Grant Income	0	69,706
Interest Income	13,547	6,747
Interest Expense	(196,423)	(213,277)
	(29,258)	55,736
Income Before Contributions and Transfers	484,275	631,993
NET POSITION - JANUARY 1	5,500,687	4,868,694
NET POSITION - DECEMBER 31	\$ 5,984,962	\$ 5,500,687

See Accompanying Notes to the Financial Statements

OTIS MUNICIPAL LIGHT PLANT  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,804,479	\$ 1,795,685
Cash Paid to Suppliers	(968,664)	(738,414)
Net Cash Provided by Operating Activities	835,815	1,057,271
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Clean Renewable Energy Bond Subsidy	153,618	192,560
Grant Income	0	69,706
Interest Income	13,547	6,747
Net Cash Provided by Noncapital Financing Activities	167,165	269,013
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to Utility Plant Assets	0	(16,887)
Repayment of Bonds	(445,000)	(430,000)
Interest Expense	(196,423)	(213,277)
Net Cash Used by Capital and Related Financing Activities	(641,423)	(660,164)
NET INCREASE IN CASH AND CASH EQUIVALENTS	361,557	666,120
CASH AND CASH EQUIVALENTS - BEGINNING	2,256,293	1,590,173
CASH AND CASH EQUIVALENTS - ENDING	\$ 2,617,850	\$ 2,256,293

See Accompanying Notes to the Financial Statements

OTIS MUNICIPAL LIGHT PLANT  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 513,533	\$ 576,257
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	325,175	324,668
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(2,118)	(4,530)
Other Accounts Receivable	147,691	63,621
Prepayments	1,740	(546)
Materials and Supplies	39,602	0
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,333)	54,594
Accrued Expenses	(53,475)	32,467
Due to Related Party	(135,000)	10,740
Net Cash Provided by Operating Activities	\$ 835,815	\$ 1,057,271

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

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

	2024	2023
Operating Cash	\$ 2,617,850	\$ 2,256,293

See Accompanying Notes to the Financial Statements

OTIS MUNICIPAL LIGHT PLANT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of Otis Municipal Light Plant are as follows:

Reporting Entity

The Otis Municipal Light Plant (the “Plant”) is a component unit of the Town of Otis, Massachusetts. The Plant generates wind power for sale to other distribution plants, and contracts a service provider to administer broadband service sold to the ultimate consumers. The Plant appoints a manager of the municipal light plant who shall, under the direction and control of the Light Board, have full charge of the operation and management of the Plant.

Regulation and Basis of Accounting

The Plant’s financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Depreciation

The general laws of Massachusetts allow utility plant in service to be depreciated at an annual rate of 3%. In order to change this rate, approval must be obtained from the Department of Public Utilities. Changes in annual depreciation rates may be made for financial factors relating to cash flow rather than for engineering factors relating to estimates of useful lives. The Light Plant used a depreciation rate of 3% for 2024 and 2023.

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

Revenue Recognition

The Plant owns and maintains a fiber broadband network serving the Town of Otis, Massachusetts, and a wind generation plant which generates power sold to suppliers. The rates are designed to recover the costs incurred by the Plant for products and services provided along with a return on investment.

Broadband customers are offered internet service on a subscription basis. Customers may generally cancel their subscription at any time without penalty. Each subscription service provided is accounted for as a distinct performance obligation and revenue is recognized monthly as the subscription services are delivered. The performance obligation is satisfied immediately as the customer simultaneously receives and consumes the services.

The performance obligation for sales of wind power generated is to provide power to customers on demand. The services provided represent a single performance obligation as it is a series of distinct goods and services that are substantially the same. The performance obligation is satisfied immediately as the customer simultaneously receives and consumes the wind power as the Plant provides this service. The Plant records revenues related to the wind power sold based upon the effective rates and the volume delivered to the customer, which corresponds to the amount the Plant has the right to invoice.

Materials and Supplies

Materials and supplies were valued using the average cost method.

Taxes

The Plant is exempt from federal income taxes.

OTIS MUNICIPAL LIGHT PLANT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

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

Use of Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable

The Plant carries its accounts receivable at cost. Management feels that accounts receivable is fully collectible, thus no allowance for doubtful accounts is recorded. The Plant has the right to shut off service to customers if the customer is not making payments. On a periodic basis, the Plant evaluates its accounts receivable to determine if any write-offs are necessary.

NOTE 2 - OTHER ACCOUNTS RECEIVABLE:

Other accounts receivable consists of the following:

	2024	2023
Grants Receivable	\$ 0	\$ 209,119
Renewable Energy Credits (RECs)	35,651	69,415
Wind Production Income	233,426	138,234
Total Other Accounts Receivable	\$ 269,077	\$ 416,768

NOTE 3 - RELATED PARTY TRANSACTIONS:

In the ordinary course of business, the Plant provides Broadband services to Town departments. During the years ended December 31, 2024 and 2023, sales to these departments totaled \$840, respectively. As of December 31, 2024 and 2023, there were no accounts receivable from these departments.

The Plant reimburses the Town for bond principal and interest payments made on behalf of the Plant. During the years ended December 31, 2024 and 2023, the total amount paid for these services was \$633,779 and \$450,013, respectively. As of December 31, 2024 and 2023, the amount due to the Town was \$25,740 and \$160,740, respectively, which is included in accrued expenses.

OTIS MUNICIPAL LIGHT PLANT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

NOTE 4 - CONCENTRATION OF CREDIT RISK:

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

The Plant does not have a concentrated credit risk for cash held at Adams Community Bank. All accounts maintained at Adams Community Bank were fully insured under the Depositors Insurance Fund (DIF), which insures all deposits above the FDIC limits. At December 31, 2024 and 2023, the cash held in these accounts amounted to \$2,367,850 and \$2,006,293, respectively.

NOTE 5 - BONDS PAYABLE:

On November 5, 2015, the Plant obtained a Clean Renewable Energy Bond (CREB) through Unibank Fiscal Advisory Services in the amount of \$6,225,000. The purpose of the bond was to finance the construction of the wind turbine and generation site. Principal payments are due annually on May 1, with interest due bi-annually on May 1 and November 1. There is a variable coupon rate increasing from year-to-year, the bond matures in November 2035. The outstanding balance as of December 31, 2024 and 2023 was \$3,870,000 and \$4,150,000, respectively, and total interest expense was \$147,548 and \$155,622, respectively.

On May 7, 2020, the Plant obtained a General Obligation Bond through Unibank Fiscal Advisory Services in the amount of \$2,861,111. The purpose of the bond was to finance the construction and implementation of their broadband network. Principal payments are due annually on November 1, with interest due bi-annually on May 1 and November 1 at a variable rate of decreasing from 5% to 2%, the bond matures in November 2035. The outstanding balance as of December 31, 2024 and 2023, was \$2,100,000 and \$2,265,000, respectively, and total interest expense for the years was \$48,875 and \$56,917, respectively.

	2024	2023
Bond Payable – CREB – with Unibank Fiscal Advisory Services payable annually. Due November 2035.	\$ 3,870,000	\$ 4,150,000
Bond Payable – Broadband – with Unibank Fiscal Advisory Services payable annually. Due November 2035.	2,100,000	2,265,000
Total Bonds Payable	\$ 5,970,000	\$ 6,415,000
Less: Current Maturities	(465,000)	(445,000)
Long-Term Notes Payable, Less Current Portion	\$ 5,505,000	\$ 5,970,000

OTIS MUNICIPAL LIGHT PLANT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

NOTE 5 - BONDS PAYABLE (Continued):

Maturities of the note payable are shown as follows:

For the year ended December 31,	2025	\$	465,000
	2026		470,000
	2027		485,000
	2028		505,000
	2029		515,000
	2030-2034		2,840,000
	2035		<u>690,000</u>
	Total	\$	<u>5,970,000</u>

CREB, tax credit bonds, were designed to allow public entities to borrow at 0% interest, or 100% subsidy, for renewable energy projects. The interest rate for annual payments and the related subsidy is determined by the U.S. Treasury Department. Subsidy amounts for years ending December 31, 2023 and 2024 amount to \$192,559 and \$153,618, respectively.

NOTE 6 - UTILITY PLANT ASSETS:

	Balance January 1, 2024	Increases	Decreases	Balance December 31, 2024
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 71,853	\$ 0	\$ 0	\$ 71,853
Total Capital Assets Not Being Depreciated	<u>71,853</u>	<u>0</u>	<u>0</u>	<u>71,853</u>
Capital Assets Being Depreciated:				
Wind	6,207,809	0	0	6,207,809
Broadband	4,415,792	0	0	4,415,792
Solar	<u>215,556</u>	<u>0</u>	<u>0</u>	<u>215,556</u>
Total Capital Assets Being Depreciated	<u>10,839,157</u>	<u>0</u>	<u>0</u>	<u>10,839,157</u>
Less Accumulated Depreciation for:				
Wind	(911,563)	(186,234)	0	(1,097,797)
Broadband	(421,887)	(132,474)	0	(554,361)
Solar	<u>(19,400)</u>	<u>(6,467)</u>	<u>0</u>	<u>(25,867)</u>
Total Accumulated Depreciation	<u>(1,352,850)</u>	<u>(325,175)</u>	<u>0</u>	<u>(1,678,025)</u>
Capital Assets Being Depreciated, Net	<u>9,486,307</u>	<u>(325,175)</u>	<u>0</u>	<u>9,161,132</u>
Utility Plant Assets, Net	<u>\$ 9,558,160</u>	<u>\$ (325,175)</u>	<u>\$ 0</u>	<u>\$ 9,232,985</u>

OTIS MUNICIPAL LIGHT PLANT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

NOTE 6 - UTILITY PLANT ASSETS (Continued):

	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 143,705	\$ 0	\$ (71,852)	\$ 71,853
Total Capital Assets Not Being Depreciated	<u>143,705</u>	<u>0</u>	<u>(71,852)</u>	<u>71,853</u>
Capital Assets Being Depreciated:				
Wind	6,207,809	0	0	6,207,809
Broadband	4,398,905	16,887	0	4,415,792
Solar	<u>143,704</u>	<u>71,852</u>	<u>0</u>	<u>215,556</u>
Total Capital Assets Being Depreciated	<u>10,750,418</u>	<u>88,739</u>	<u>0</u>	<u>10,839,157</u>
Less Accumulated Depreciation for:				
Wind	(725,329)	(186,234)	0	(911,563)
Broadband	(289,920)	(131,967)	0	(421,887)
Solar	<u>(12,933)</u>	<u>(6,467)</u>	<u>0</u>	<u>(19,400)</u>
Total Accumulated Depreciation	<u>(1,028,182)</u>	<u>(324,668)</u>	<u>0</u>	<u>(1,352,850)</u>
Capital Assets Being Depreciated, Net	<u>9,722,236</u>	<u>(235,929)</u>	<u>0</u>	<u>9,486,307</u>
Utility Plant Assets, Net	<u>\$ 9,865,941</u>	<u>\$ (235,929)</u>	<u>\$ (71,852)</u>	<u>\$ 9,558,160</u>

The Plant reported depreciation expense for the years ended December 31, 2024 and 2023 of \$325,175 and \$324,668, respectively.

NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS:

	<u>2024</u>	<u>2023</u>
Cost of Capital Assets Acquired	\$ 10,911,010	\$ 10,911,010
Less: Accumulated Depreciation	(1,678,025)	(1,352,850)
Less: Bonds Payable	<u>(5,970,000)</u>	<u>(6,415,000)</u>
Net Investment in Capital Assets	<u>\$ 3,262,985</u>	<u>\$ 3,143,160</u>

OTIS MUNICIPAL LIGHT PLANT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

NOTE 8 - GRANT INCOME:

During 2018, the Plant entered into an Intergovernmental Grant Agreement with Westfield Gas & Electric Light Department, where the Plant participates in consortium to bid for a funding award in the Federal Communication Commission (FCC) Connect America Fund II Auction (CAF). The purpose of the grant is to reimburse for continued construction and implementation of the Fiber Network. Funding was agreed to commence upon successfully demonstrating to the FCC that the network is proven to be deployed in more than 95% capacity. The actual disbursement shall be calculated using the number of locations and the awarded support value per location as a percentage of the available award funds. The Plant recognized grant income for the years ended December 31, 2024 and 2023 of zero and \$69,706, respectively.

NOTE 9 - CONTINGENT LIABILITIES:

Legal and Environmental Matters

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

NOTE 10 - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENT:

During preparation of the 2023 financial statements, the Plant overstated cash and overstated net position relating to a Last Mile Grant.

Impact of this modification on Net Position is as follows:

Net Position as originally reported	\$ 5,500,194
Net decrease in Net Position	<u>\$ (631,500)</u>
Net Position as corrected	<u><u>\$ 4,868,694</u></u>

OTIS MUNICIPAL LIGHT PLANT  
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATION AND MAINTENANCE EXPENSES:		
Network Administration Fees	\$ 699,783	707,194
Maintenance Expenses	17,212	4,738
Administrative Salaries	52,864	42,500
Office Supplies and Expenses	3,159	13,805
Outside Services Employed	6,000	24,045
Insurance Expense	18,396	29,927
License & Permit Fees	22,784	13,460
<b>TOTAL OPERATION AND MAINTENANCE EXPENSES</b>	<b>\$ 820,198</b>	<b>\$ 835,669</b>

See Independent Auditors' Report