

BELMONT LIGHT
Financial Statements
December 31, 2013 and 2012

BELMONT LIGHT
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DECEMBER 31, 2013 AND 2012

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Goulet, Salvidio & Associates, P.C.

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Belmont Light
Belmont, Massachusetts 02478

Report on the Financial Statements

We have audited the accompanying financial statements of Belmont Light, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Belmont Light's basic 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 financial position of Belmont Light as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only Belmont Light and do not purport to, and do not, present fairly the financial position of the Town of Belmont, Massachusetts, as of December 31, 2013 and 2012, and the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. 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 and Other Postemployment Benefits information on pages three through seven and 24, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Sales of Electricity and Schedules of Operations and Maintenance Expenses presented on pages 25 and 26 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts
April 24, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Belmont Light's financial activities for the fiscal years ended December 31, 2013 and 2012.

Belmont Light purchases and distributes electricity to the residents, businesses and the Town of Belmont. Because Belmont Light is owned by the town and not by investors, our net profit is returned to our customers in the way of stable rates, better service and increased assets. As management of Belmont Light, we offer readers of the basic financial statements this narrative overview and analysis of the financial activities of Belmont Light.

Overview of the Financial Statements

The basic financial statements include (1) The Statements of Net Position (2) The Statements of Revenues, Expenses and Changes In Net Position (3) The Cash Flow Statements and (4) Notes to The Financial Statements. The Statements of Net Position are designed to indicate our financial position as of a specific point in time. At December 31, 2013, it shows our net worth increased 8.1% compared to the year ended December 31, 2012. Increases and decreases in net position may serve as a useful indicator of whether the financial position of Belmont Light is improving or deteriorating.

The Statements 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, 2013 and 2012 was \$1,784,492 and \$1,390,153, respectively.

The Statements 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 Statements of Cash Flows indicates that cash receipts from operating activities, (that is, electricity sales and related services) adequately cover our operating expenses.

Summary of Net Position

	2013	2012
Current Assets	\$ 15,731,072	\$ 16,695,889
Noncurrent Assets	<u>19,971,112</u>	<u>16,970,656</u>
Total Assets	<u>\$ 35,702,184</u>	<u>\$ 33,666,545</u>
Current Liabilities	\$ 16,348,143	\$ 16,002,812
Noncurrent Liabilities	<u>2,923,675</u>	<u>2,385,995</u>
Total Liabilities	<u>19,271,818</u>	<u>18,388,807</u>
Deferred Inflows of Resources	<u>1,310,917</u>	<u>1,306,056</u>
Net Position:		
Net Investment in Capital Assets, Net of Related Debt	2,784,141	367,940
Restricted for Depreciation	1,742,479	1,178,580
Restricted for Debt Service	852,762	0
Restricted for Capital Projects	4,992,714	7,542,369
Unrestricted Net Position	<u>4,747,353</u>	<u>4,882,793</u>
Total Net Position	<u>15,119,449</u>	<u>13,971,682</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 35,702,184</u>	<u>\$ 33,666,545</u>

Summary of Changes in Net Position

	<u>2013</u>	<u>2012</u>
Operating Revenues	\$ 21,615,653	\$ 20,656,446
Operating Expenses	<u>19,837,128</u>	<u>19,270,545</u>
Operating Income	1,778,525	1,385,901
Nonoperating Revenues	<u>5,967</u>	<u>4,252</u>
Income Before Contributions and Transfers	1,784,492	1,390,153
Transfers In – Contribution in Aid of Construction	13,275	0
Transfers Out – Payment in Lieu of Taxes	(650,000)	(650,000)
Beginning Net Position	<u>13,971,682</u>	<u>13,231,529</u>
Ending Net Position	<u>\$ 15,119,449</u>	<u>\$ 13,971,682</u>

Belmont Light is a utility organization committed to provide economical and reliable energy with superior customer service.

In order to fulfill our mission, Belmont Light commits to maintain rate savings while providing reliable service for its customers. It intends to maintain local control and access to the wholesale power market. Belmont Light acknowledges the obligation to look at alternative sources of renewable energy in order to preserve the integrity of the environment for future generations. Belmont Light will employ its resources effectively and efficiently to achieve its strategic priorities. Public Power must be accountable to the communities it serves in order to survive. Belmont Light's value is measured by its lower rates over surrounding communities and local control of its distribution system. Customer expectations are high in Belmont because it is locally owned and operated.

Overview of Service

Belmont Light is responsible for acquiring and delivering electricity to the residents, businesses and the Town of Belmont. Belmont Light has two main divisions: Operations and Business/Customer Services. The Operations Division plans, designs, constructs, operates and maintains the distribution system to deliver reliable electricity to customers. The Business/Customer Services Division provides managerial, public relations, financial, ratemaking and legislative services, public benefits programs, including energy efficiency and renewable energy to all Belmont Light customers. The Division also ensures generating and transmission energy resources are available to meet the needs of the Belmont community.

Belmont Light Highlights

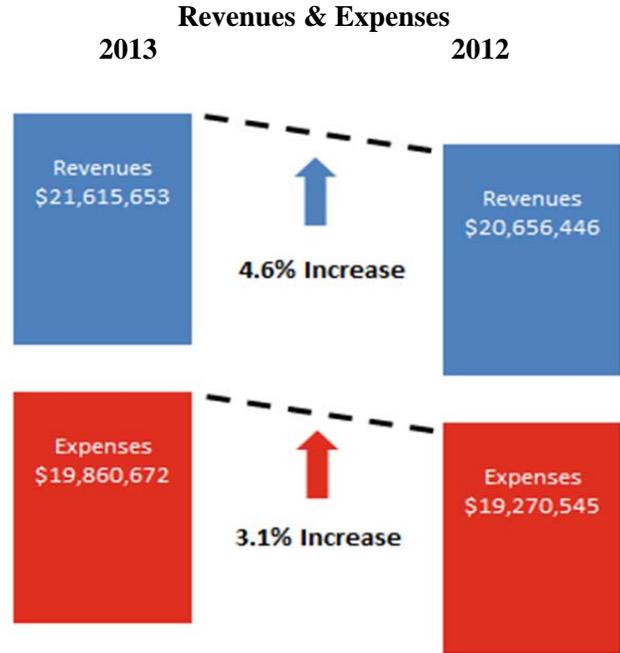
Compared to industry standards Belmont Light continues to provide a high level of system reliability as evidenced by Belmont Light's performance in 2013.

- Due to the cold winter and hot summer kWh sales increased 1,912,925 compared to 2012.
- Rates increased 6% on June 15, 2013 to cover debt service on the 115 kV Substation Project.
- Top 20 kWh users generated 20% of Belmont Light revenue.
- Belmont Light continued re-organization and re-structuring projects, including IT, finance, engineering functions and company re-branding project.

Operating Overview

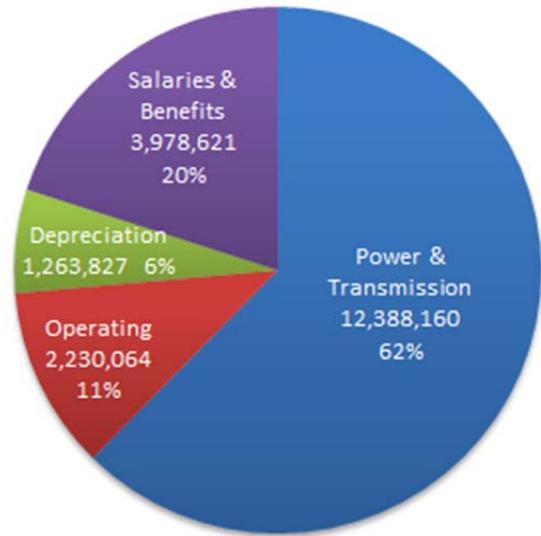
2013 Revenue

Revenue from the sale of electricity increased \$1,032,775 due to a increase in kWh sales of 1,912,925, and the addition of debt service charges to customers. Other operating income decreased \$73,568.



2013 Expenses vs. 2012 Expenses

Power costs reflect a \$240,040 decrease due to lower energy costs in early 2013. Meter Costs increased \$27,857 due to maintenance and license fees for new software. General & Admin Salaries expense increased \$69,615 due to new IT position. Outside Services & Consultant expenses increased \$254,745 due to IT & Network isolation, customer service re-organization and re-branding projects. Marketing expense increased \$26,950 due to new web-site maintenance and outsourcing of communication function.



Utility Plant and Continuing Projects

The general laws of the Commonwealth of Massachusetts under Chapter 164 require “utility plant in service” to be depreciated using a 3% rate. Approval was given by the Department of Public Utilities to increase the rate up to the maximum 5% allowable in order to infuse additional funds into capital projects and system improvements. Rates used in depreciating “utility plant in service” are based on financial factors relating to cash flow for plant expansion, rather than engineering factors relating to estimates of useful life.

Net electric utility plant in service is \$16.8 million (\$3.0 million for Distribution Plant and \$3.5 million for General Plant and \$10.3 million for Construction Work In Progress). Of the \$2.9 million increase in Construction Work In Progress, \$2.6 million was attributed to the 115KV substation project funded by \$14,000,000 from a short term Bond Anticipation Note.

Debt Administration

On April 26, 2012, the Town issued a Bond Anticipation Note (BAN) in the aggregate amount of \$14,000,000, which included a bond premium, bearing interest at 1.83% and maturing April 25, 2013. The proceeds are to be used to finance the 115kv Transmission Service Upgrade Project. On April 25, 2013, the BAN matured and was renewed in the aggregate amount of \$14,000,000 which included a bond premium, bearing interest at 1.77% and maturing April 25, 2014. Accrued interest relating to Belmont Light's share of these BANs amounted to \$16,523 and \$17,067 as of December 31, 2013 and 2012, respectively.

Power Supply

Belmont Light purchases electricity from the Independent System Operator-New England (ISO-NE) marketplace and maintains a diversified power supply portfolio that enables Belmont Light to continue to offer its ratepayers affordable and competitive electricity pricing.

In 2013 Belmont Light continued its commitment to exploring emission-free renewable energy opportunities. Highlights from the year include:

- Executing a Purchased Power Agreement (PPA) with Saddleback Ridge Wind, located in Maine, which is expected to begin commercial operation in 2015. The contract will expand Belmont Light's energy supply mix to include approximately 18% renewables.
- Purchasing and retiring 237 Massachusetts Class I Renewable Energy Certificates through its Green Choice program.
- Under the Belmont Light's Emission Free Renewable Distributed Generation tariff, residential and commercial customers installed more than 267 kW of distributed solar photovoltaic generation capacity.

Rates

On June 15, 2013, a 6% rate increase took effect with the primary goal of covering the debt service on the new substation and transmission line project. Information on Belmont Light's rates is available at www.belmontlight.com.

Demand Side Management

Belmont Light maintains a commitment to promoting the efficient use of energy. During 2013, 199 residential customers were given free home energy assessments. Over three quarters of these assessments were provided through Belmont Light's pilot program with Sagewell, a program that will continue in 2014. Additionally, through the ENERGY STAR Appliance Rebate Program, Belmont Light supplied residential customers with over \$20,000 in incentives for energy efficient appliances. Energy savings from the 2013 Appliance Rebate Program are estimated to be 67,000 kWh annually.

In September 2013, the Belmont Light Board approved a new Energy Resources Policy to replace the policy approved in 2008. The Energy Resources Policy establishes a framework for the selection and evaluation of the supply and demand side energy resources used to serve customer load. The Energy Resources Policy supplements the existing Power Supply policy, and sets goals and objectives for demand side resource programs.

Community Outreach

Belmont Light staff worked closely with the community on spreading awareness about electricity and energy issues. This year, Belmont Light participated in:

- Belmont Town Day;
- meet Belmont;
- building the playground at Joey's Park;
- education tours for youth groups;
- civic and community organization meetings;
- electrical safety programs and demonstrations at Belmont schools;
- the Belmont Farmers' Market and
- the Tree Lighting Ceremony.

Belmont Light also held its first annual Winter Solstice event in December. At the event, residents donated winter blankets to benefit local charities and received energy-saving tips and information. Belmont Light also encouraged energy conservation through the publication of its annual historic calendar.

Belmont Light staff worked with Town committees to identify outreach opportunities and collaborate on energy, sustainability, and community initiatives.

2013 Activities

Belmont Light constantly investigates processes and performance optimization opportunities to improve the efficiency of its operations.

Belmont Light continues to implement its reorganization and restructuring plan with the objective to increase efficiency and provide high-quality customer service. In 2013, Belmont Light reorganized its IT, engineering and finance departments' structure to better support business operations.

Belmont Light continued to develop its advanced metering infrastructure with the installation of hardware, software, and a town-wide communications network. These electric meters communicate via a secure, 900-MHz private network. Data collected from Belmont's new advanced metering system will create opportunities for energy savings, operations efficiency, and energy costs. In 2014, a web portal will be launched that will allow customers to view and manage their electricity usage. By December 2013, over 50% of the Town was covered by new metering equipment.

During 2013, Belmont Light continued line distribution activities by replacing and maintaining old infrastructure and installing 4.2 miles of 13.8 kV distribution cable and 22 miles of 4.16 kV cable.

BELMONT LIGHT
STATEMENTS OF NET POSITION
DECEMBER 31, 2013 AND 2012

OPERATING FUND

ASSETS

	2013	2012
CURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Operating Cash	\$ 7,165,265	\$ 5,422,451
General Bond Fund	4,992,714	7,542,369
Accounts Receivable - Customers, Net	1,406,039	1,595,042
Accounts Receivable - Other	92,143	165,770
Materials and Supplies	341,696	282,246
Prepaid Insurance	80,754	35,693
Purchased Power Prepayments	1,652,461	1,652,318
TOTAL CURRENT ASSETS	15,731,072	16,695,889
NONCURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Depreciation Fund	1,742,479	1,178,580
Customer Deposits	133,575	118,080
Rate Stabilization Reserve Fund	914,984	912,349
Rate Stabilization Reserve Fund - MMWEC	395,933	393,707
Utility Plant Assets, Net	16,784,141	14,367,940
TOTAL NONCURRENT ASSETS	19,971,112	16,970,656
TOTAL ASSETS	\$ 35,702,184	\$ 33,666,545

See Accompanying Notes to Financial Statements

BELMONT LIGHT
STATEMENTS OF NET POSITION
DECEMBER 31, 2013 AND 2012

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2013	2012
CURRENT LIABILITIES:		
Short-term Debt Expected to be Refinanced:		
Bond Anticipation Note	\$ 14,000,000	\$ 14,000,000
Accounts Payable	1,410,586	1,692,091
Accrued Expenses	931,148	297,446
Customer Advances for Construction	6,409	13,275
TOTAL CURRENT LIABILITIES	16,348,143	16,002,812
NONCURRENT LIABILITIES:		
Customer Deposits	133,575	118,080
Other Postemployment Benefits Obligation	2,790,100	2,267,915
TOTAL NONCURRENT LIABILITIES	2,923,675	2,385,995
TOTAL LIABILITIES	19,271,818	18,388,807
DEFERRED INFLOWS OF RESOURCES:		
Rate Stabilization Reserve	1,310,917	1,306,056
NET POSITION:		
Net Investment in Capital Assets, Net of Related Debt	2,784,141	367,940
Restricted for Depreciation	1,742,479	1,178,580
Restricted for Debt Service	852,762	0
Restricted for Capital Projects	4,992,714	7,542,369
Unrestricted Net Position	4,747,353	4,882,793
TOTAL NET POSITION	15,119,449	13,971,682
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 35,702,184	\$ 33,666,545

See Accompanying Notes to Financial Statements

BELMONT LIGHT
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

OPERATING FUND

	2013	2012
OPERATING REVENUES:		
Sales of Electricity	\$ 21,267,804	\$ 20,235,029
Other Operating Revenues	347,849	421,417
 TOTAL OPERATING REVENUES	 21,615,653	 20,656,446
 OPERATING EXPENSES:		
Operations and Maintenance	18,573,301	18,022,621
Depreciation	1,263,827	1,247,924
 TOTAL OPERATING EXPENSES	 19,837,128	 19,270,545
 OPERATING INCOME	 1,778,525	 1,385,901
 NONOPERATING REVENUES (EXPENSES):		
Investment Income	6,376	4,257
Interest Expense	(409)	(5)
 TOTAL NONOPERATING REVENUES (EXPENSES)	 5,967	 4,252
 Income Before Contributions and Transfers	 1,784,492	 1,390,153
 NET POSITION - JANUARY 1	 13,971,682	 13,231,529
Transfers In - Contribution in Aid of Construction	13,275	0
Transfers Out - Payment in Lieu of Taxes	(650,000)	(650,000)
 NET POSITION - DECEMBER 31	 \$ 15,119,449	 \$ 13,971,682

See Accompanying Notes to Financial Statements

BELMONT LIGHT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

OPERATING FUND

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 21,855,531	\$ 20,431,375
Cash Paid to Suppliers	(14,319,074)	(14,267,679)
Cash Paid to Employees	(2,504,505)	(2,325,901)
Cash Paid for Benefits	(1,629,994)	(1,104,502)
Payment in Lieu of Taxes	0	(650,000)
	3,401,958	2,083,293
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interest Expense	(409)	(5)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Advance on Bond Anticipation Note	0	14,000,000
Customer Advances for Construction	6,409	0
Additions to Plant Assets	(706,015)	(797,899)
Additions to Construction in Progress	(2,935,766)	(5,608,536)
	(3,635,372)	7,593,565
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Income	5,290	3,401
Net Transfer from Operations	(562,813)	(450,020)
	(557,523)	(446,619)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(791,346)	9,230,234
CASH AND CASH EQUIVALENTS - BEGINNING	13,082,900	3,852,666
CASH AND CASH EQUIVALENTS - ENDING	\$ 12,291,554	\$ 13,082,900

See Accompanying Notes to Financial Statements

BELMONT LIGHT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

OPERATING FUND

	2013	2012
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 1,778,525	\$ 1,385,901
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,263,827	1,247,924
Allowance for Doubtful Accounts	(21,000)	29,412
Payment in Lieu of Taxes	0	(650,000)
(Increase) Decrease in Assets:		
Accounts Receivable - Customers, Net	210,003	(294,120)
Accounts Receivable - Other	35,380	31,571
Materials and Supplies	(59,450)	3,700
Prepaid Insurance	(45,061)	(12,409)
Purchased Power Prepayments	(143)	(250)
Increase (Decrease) in Liabilities:		
Accounts Payable	(281,505)	185,666
Customer Deposits	15,495	8,066
Accrued Expenses	(16,298)	85,112
Other Postemployment Benefits Obligation	522,185	62,720
Net Cash Provided by Operating Activities	\$ 3,401,958	\$ 2,083,293

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

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

	2013	2012
Operating Cash	\$ 7,165,265	\$ 5,422,451
General Bond Fund	4,992,714	7,542,369
Customer Deposits	133,575	118,080
	\$ 12,291,554	\$ 13,082,900

See Accompanying Notes to Financial Statements

BELMONT LIGHT
 STATEMENTS OF NET POSITION
 DECEMBER 31, 2013 AND 2012

OPEB TRUST FUND

ASSETS

	2013	2012
Funds on Deposit with Town Treasurer		
Cash and Cash Equivalents	\$ 162,231	\$ 139,992

NET POSITION

NET POSITION - Restricted	\$ 162,231	\$ 139,992
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 BELMONT LIGHT
 STATEMENTS OF CHANGES IN NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

OPEB TRUST FUND

	2013	2012
ADDITIONS:		
Contribution:		
Employer	11,952	0
Interest Earned	\$ 10,287	\$ 1,178
CHANGES IN NET POSITION	22,239	1,178
NET POSITION - JANUARY 1	139,992	138,814
NET POSITION - DECEMBER 31	\$ 162,231	\$ 139,992

See Accompanying Notes to Financial Statements

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of Belmont Light are as follows:

Reporting Entity

Belmont Light is a component unit of the Town of Belmont, Massachusetts. Belmont Light purchases power from various sources and sells it to the ultimate customer at rates submitted to the Massachusetts Department of Public Utilities (DPU). Belmont Light appoints a manager of municipal lighting who shall, under the direction and control of the municipal light board, have full charge of the operation and management of the plant.

Regulation and Basis of Accounting

Belmont Light'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.

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

Depreciation

The general laws of Massachusetts allow utility plant in service to be depreciated at an annual rate of 3% of cost of Plant in service at the beginning of the year. In order to change this rate, approval must be obtained from the Department of Public Utilities (DPU). Belmont Light's depreciation rate for 2013 and 2012 was 5%.

Belmont Light charges maintenance to expense when incurred. Replacements and betterments are charged to utility plant.

Revenues

Revenues from sale of electricity are recorded on the basis of bills rendered from monthly readings taken on a cycle basis. The revenues are based on rates established by Belmont Light which are applied to customers' consumption of electricity.

Belmont Light's rates contain an adjustable component pursuant to which increased power costs (power costs in excess of amounts recovered through base rates) are billable to customers.

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

Taxes

Belmont Light is exempt from federal income taxes. Although also exempt from property taxes, Belmont Light pays amounts in lieu of taxes to the Town of Belmont.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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

Materials and Supplies

Materials and supplies are valued using the average cost method.

Sales Tax

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

Reclassification

Certain prior year amounts have been reclassified to conform to the 2013 presentation. All financial statements have been reclassified in accordance with GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement 65, *Items Previously Reported as Assets and Liabilities* with no effect on previously reported net income.

Net Position

The implementation of GASB Statement 63 requires Belmont Light to categorize its net position. Belmont Light's net position is categorized as net investment in capital assets, restricted for depreciation, restricted for debt service and unrestricted.

Accounts Receivable

Belmont Light carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, Belmont Light evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions.

Belmont Light's policy on collections is to consider any receivable past due if payments have not been received within 45 days of receipt of invoice. Interest is charged on all accounts when a payment has not been received within 46 days. A delinquent notice is sent for past due amounts. If payment is not received within 10 days a second request is made and the customer is given another 5 days to pay. If the delinquent amount is still not paid a letter is hand delivered and the customer's meter is shutoff.

Cash and Cash Equivalents

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

Compensated Absences

In accordance with Belmont Light policies, employees are allowed to accumulate sick days, up to a maximum of 200 days. Upon termination of employment with Belmont Light, the employee will not be paid for accumulated sick time.

Employees are also permitted to carryover vacation time from one year to the next at a maximum of twice their annual earned vacation. Upon termination of employment with Belmont Light, the employee will be paid for unused vacation time based on the employee's base rate of pay at the time of termination. In accordance with generally accepted accounting principles, provisions for these termination liabilities have been accrued in the accompanying financial statements.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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.

NOTE 2 – FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS:

GASB Statement 68, *Accounting and Financial Reporting for Pensions*, is required to be implemented for periods beginning after June 15, 2014. Belmont Light is currently evaluating the effect this pronouncement will have on the basic financial statements.

NOTE 3 - ACCOUNTS RECEIVABLE - CUSTOMERS, NET:

	<u>2013</u>	<u>2012</u>
Accounts Receivables – Customers	\$ 1,562,266	\$ 1,772,269
Allowance for Doubtful Accounts	<u>(156,227)</u>	<u>(177,227)</u>
Net Accounts Receivable - Customers	<u>\$ 1,406,039</u>	<u>\$ 1,595,042</u>

NOTE 4 - RATE STABILIZATION FUND:

The Rate Stabilization Fund was created as an aftermath of the Massachusetts Electricity Restructuring Act of 1997. These funds are for unexpected escalation in costs, such as the decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission cost increases. The Rate Stabilization Fund balance at December 31, 2013 and 2012 was \$1,310,917 and \$1,306,056, respectively. The balance in the fund is offset by a corresponding deferred inflow of resources for the accumulated provision for rate refund. These funds are commingled and deposited in investment pools. Accordingly, it is not practical to disclose the credit risk of such funds.

NOTE 5 - DEPRECIATION FUND:

Pursuant to provisions of the Commonwealth’s General Laws, cash in an amount equivalent to the annual depreciation expense is transferred from unrestricted funds to the depreciation fund. Interest earned on the balance of the fund must also remain in the fund. Such cash may be used for the cost of plant, nuclear decommissioning costs, costs of contractual commitments, and future costs related to such commitments which the municipal light board determines are above market value. The balance at December 31, 2013 and 2012 was \$1,742,479 and \$1,178,580, respectively.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 6 - CONCENTRATION OF CREDIT RISK:

Belmont Light'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 Belmont Light. 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 Belmont Light deposits is not determinable because the limits of insurance are computed on a Town-Wide basis.

NOTE 7 - UNBILLED REVENUE:

No recognition is given to the amount of sales to customers which are unbilled at the end of the accounting period.

NOTE 8 - UTILITY PLANT ASSETS:

	Balance January 1, 2013	Increases	Decreases	Balance December 31, 2013
Capital Assets Not Being Depreciated:				
Land	\$ 9,349	\$ 0	\$ 0	\$ 9,349
Construction in Progress	7,351,221	2,974,013	0	10,325,234
Total Capital Assets Not Being Depreciated	7,360,570	2,974,013	0	10,334,583
Capital Assets Being Depreciated:				
Distribution Plant	17,047,217	239,326	(334,111)	16,952,432
General Plant	8,229,325	466,689	(5,000)	8,691,014
Total Capital Assets Being Depreciated	25,276,542	706,015	(339,111)	25,643,446
Less Accumulated Depreciation For:				
Distribution Plant	(13,539,012)	(852,361)	334,111	(14,057,262)
General Plant	(4,730,160)	(411,466)	5,000	(5,136,626)
Total Accumulated Depreciation	(18,269,172)	(1,263,827)	339,111	(19,193,888)
Capital Assets Being Depreciated, Net	7,007,370	(557,812)	0	6,449,558
Utility Plant Assets, Net	\$ 14,367,940	\$ 2,416,201	\$ 0	\$ 16,784,141

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 9 - CONSTRUCTION IN PROGRESS:

Belmont Light is in the process of building a new substation to upgrade their transmission service to 115kv. In 2013 and 2012, Belmont Light invested \$2,597,146 and \$5,418,069, respectively, in the 115kv transmission service upgrade. The total amount invested in the 115kv Project as of December 31, 2013 and 2012 was \$9,667,271 and \$7,070,124, respectively.

In 2011, Belmont Light began the L370 Smart Meter Project investing \$90,630 for the implementation of smart meters. In 2013 and 2012, Belmont Light invested an additional \$337,740 and \$190,467, respectively, in the L370 Smart Meter Project. The total amount invested in the L370 Smart Meter Project as of December 31, 2013 and 2012 was \$618,836 and \$281,097, respectively.

As of December 31, 2013 Belmont Light has invested \$39,127 in the Trapelo Road Project to widen Trapelo Road, which is reimbursable from the State.

NOTE 10 - BONDS PAYABLE:

On April 26, 2012, the Town issued a Bond Anticipation Note (BAN) in the aggregate amount of \$14,000,000, which included a bond premium, bearing interest at 1.83% and maturing April 25, 2013. The proceeds are to be used to finance the 115kv Transmission Service Upgrade Project. On April 25, 2013, the BAN matured and was renewed in the aggregate amount of \$14,000,000, which included a bond premium, bearing interest at 1.77% and maturing April 25, 2014. Accrued interest relating to Belmont Light's share of these BANs amounted to \$16,523 and \$17,067 as of December 31, 2013 and 2012, respectively.

NOTE 11 - INVESTMENT CUSTODIAL CREDIT RISK:

Investment custodial risk is the risk that, in the event of a failure by the counterparty, Belmont Light will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of Belmont Light's investments in Certificate of Deposits, Belmont Light has no custodial risk exposure. Belmont Light does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2013 and 2012, Belmont Light's investments were all in money market funds and Certificate of Deposits with maturities of less than one year. The fair value of these debt securities as of December 31, 2013 and 2012 was \$0 and \$729,863, respectively.

As of December 31, 2013 there were no investments in any one issuer (other than U.S. treasury securities and mutual funds) that represent 5% or more of total investments.

NOTE 12 – NET INVESTMENT IN CAPITAL ASSETS:

	<u>2013</u>	<u>2012</u>
Cost of Capital Assets Acquired	\$ 35,978,029	\$ 32,637,112
Less: Accumulated Depreciation	19,193,888	18,269,172
Less: Outstanding Debt Related to Capital Assets	<u>14,000,000</u>	<u>14,000,000</u>
Net Investment in Capital Assets	<u>\$ 2,784,141</u>	<u>\$ 367,940</u>

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 13 – PURCHASE POWER TRANSMISSION ADJUSTMENT:

Belmont Light’s rates include a Purchased Power Transmission Adjustment (PPTA) which allows for an adjustment of rates charged to customers in order to recover all changes in capacity and fuel costs from stipulated base costs. The PPTA provides for monthly reconciliations of total power costs billed with actual cost of power incurred. Any excess or deficiency in amounts collected as compared to costs incurred is a deferred inflow/outflow of resources and either credited or billed to customers over subsequent periods. For the years ending December 31, 2013 and 2012, there was an under collection which Belmont Light has chosen not to collect in the future.

NOTE 14 - COMMITMENTS AND CONTINGENCIES:

Belmont Light has entered into various power contracts through Energy New England (ENE), as their acting agent. These power contracts began in 2009 and go through to the year 2026.

BMLD’s annual energy costs related to its long-term power purchase commitments as of 2013 are approximately as follows:

For Years Ending December 31,	2014	\$	6,766,926
	2015		4,651,783
	2016		3,371,744
	2017		2,352,146
	2018		2,397,191
	2019-2023		11,444,646
	2024-2026		<u>1,143,987</u>
		\$	<u>32,128,423</u>

NOTE 15 - RELATED PARTY TRANSACTIONS:

In 2013 and 2012, Belmont Light received payments from the town in the amount of \$1,276,004 and \$1,228,007 respectively and paid payments to the town in the amount of \$1,196,373 and \$1,837,856, respectively. At December 31, 2013 and 2012, the outstanding receivable balance was \$29,073 and \$17,476, respectively, and there were no outstanding payable balances as of December 31, 2012. As of December 31, 2013 the payment in lieu of taxes has not been paid and is included in accrued expenses as described in Note 17.

NOTE 16 - RISK MANAGEMENT:

Belmont Light participates in and shares in the cost of the Town’s risk management programs with regards to health, workers compensation and automobile insurance.

Belmont Light carries its own property, general liability and public official liability coverage through a premium-based plan. Limits on this insurance coverage vary from \$5,000 to \$2,000,000 per occurrence.

BELMONT LIGHT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013 AND 2012

NOTE 17 – ACCRUED EXPENSES

Accrued expenses as of December 31, 2013 and 2012 are as follows:

	2013	2012
Sales Tax	\$ 12,896	\$ 10,484
Interest on BAN	16,523	17,067
Accrued Payroll	67,905	104,481
Compensated Absences	183,824	165,414
Payment in Lieu of Taxes	650,000	0
Total Accrued Expenses	\$ 931,148	\$ 297,446

NOTE 18 - PAYMENT IN LIEU OF TAXES:

The Municipal Light Board, which is also the Board of Selectmen, is responsible for determining the amount that Belmont Light pays to the Town in lieu of taxes. The payment in lieu of taxes was \$650,000 for the years ended December 31, 2013 and 2012.

NOTE 19 - PENSION PLAN:

Belmont Light, through the Town of Belmont, is a member of the Belmont Contributory Retirement System, which, in turn, is a member of the Massachusetts Contributory Retirement System, which is governed by M.G.L. c.32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees.

The plan is a contributory defined benefit plan for all county employees and employees of participating towns and districts except those employees who are covered by teacher’s retirement board.

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

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

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

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 19 - PENSION PLAN (Continued):

Active members contribute either 5, 7, 8 or 9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired after 1978 contribute an additional 2% of annual pay above \$30,000. These contributions are deposited in the Annuity Savings Fund and earn interest at a rate determined by The Public Employees' Retirement Administration's (PERA's) Actuary. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Cost-of-living adjustments (COLA) for retirees prior to 1997 were borne by the state. All COLA after that have been borne by the local retirement system.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors: including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification. Employees who resign from state service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total contributions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest which has accrued upon those contributions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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

The amount of pension expense charged to operations for the years ended December 31, 2013, 2012 and 2011 was approximately \$601,939, \$575,504, and \$517,712, respectively.

The Plan's separately issued financial statements can be obtained by contacting the Town of Belmont Retirement Office at 455 Concord Avenue, Belmont, Massachusetts 02478.

NOTE 20 - OTHER POSTEMPLOYMENT BENEFITS (OPEB):

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

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

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 20 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

As of July 1, 2012 Belmont Light's membership consisted of the following:

Current retirees beneficiaries	23
Current active members	<u>28</u>
Total	<u><u>51</u></u>

Funding Policy. Belmont Light recognizes the cost of providing these benefits, in accordance with government accounting standards, on a pay-as-you-go basis, by expensing the annual insurance premiums charged Belmont Light by the Town, which aggregated approximately \$481,177 and \$462,632 for the years ended December 31, 2013 and 2012, respectively. The cost of providing these benefits for retirees is about 50% of the premium. Retired plan members and beneficiaries currently receiving benefits are required to contribute 20% for HMO and 50% for PPO plans (that are not participating in Medicare plans) and 50% for the Medicare Enhanced Supplement and the First Seniority Plans of the cost of benefits provided depending on the plan they choose. A surviving spouse may continue coverage for lifetime by paying 50% of the medical plan premium rate. Retirees are required to pay \$28 annually for a \$2,000 life insurance benefit, if elected.

Annual OPEB Costs. Belmont Light's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following shows the components of Belmont Light's annual OPEB cost for the years ending December 31, 2013 and 2012, the amount actually contributed to the plan, and changes in Belmont Light's net OPEB obligation based on an actuarial valuation as of July 1, 2012:

	2013	2012
Normal cost	\$ 230,169	\$ 230,169
Amortization of unfunded actuarial accrued liability	498,782	498,782
Interest	<u>32,803</u>	<u>32,803</u>
Annual required contribution	761,754	761,754
Interest on net OPEB obligation	102,056	86,128
Adjustment to annual required contribution	(139,221)	(112,073)
Expected benefit payments	<u>(190,452)</u>	<u>(190,452)</u>
 Increase in net OPEB obligation	 534,137	 545,357
 Contributions to Trust Fund	 (11,952)	 0
 Net OPEB obligation – Beginning of Year	 2,267,915	 2,205,195
Change in Actuarial Assumptions	<u>0</u>	<u>(482,637)</u>
 Net OPEB obligation – End of Year	 <u><u>\$ 2,790,100</u></u>	 <u><u>\$ 2,267,915</u></u>

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 20 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued):

Belmont Light' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Year ended</u>	<u>Annual OPEB costs</u>	<u>Percentage of OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2011	\$ 743,337	7%	\$ 2,205,195
2012	\$ 761,754	25%	\$ 2,267,915
2013	\$ 761,754	27%	\$ 2,790,100

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

The funded status is as follows:

Actuarial accrued liability (AAL)	\$ 8,627,779
Value of plan assets	<u>(162,231)</u>
Unfunded actuarial accrued liability	\$ 8,465,548
Funded ratio (actuarial value of plan assets/AAL)	1.88%
Covered payroll (active plan members)	\$ 2,504,505
UAAL as a percentage of covered payroll	338.01%

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the department and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after 5 years. The health care cost trend rate differs between the master medical and other healthcare plans. The actuarial value of assets was determined using the market value of investments. Belmont Light's unfunded actuarial accrued liability is being amortized assuming a 30 year level dollar basis.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 21 - SUBSEQUENT EVENT

On April 25, 2014 the Bond Anticipation Note in the amount of \$14,000,000 was converted to permanent bond financing with an additional \$12,100,000 borrowed for a total General Obligation Bond (Bond) of \$26,100,000. The Bond bears interest at 4% due semiannually. Debt service payments are due annually in the month of April maturing on April 24, 2034.

BELMONT LIGHT
 REQUIRED SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2013 AND 2012

Schedule of Funding Progress - Other Postemployment Benefits:

Actuarial Valuation Date	For The Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Payroll
7/1/2008	12/31/2008	\$ -	\$ 8,150,711	\$ 8,150,711	0.00%	\$ 1,981,500	411.34%
7/1/2008	12/31/2009	\$ -	\$ 8,150,711	\$ 8,150,711	0.00%	\$ 1,981,500	411.34%
7/1/2010	12/31/2010	\$ 138,455	\$ 8,862,929	\$ 8,724,474	1.56%	\$ 2,268,090	384.66%
7/1/2010	12/31/2011	\$ 138,814	\$ 8,862,929	\$ 8,724,115	1.57%	\$ 2,219,267	393.11%
7/1/2012	12/31/2012	\$ 139,992	\$ 8,627,779	\$ 8,487,787	1.62%	\$ 2,325,901	364.92%
7/1/2012	12/31/2013	\$ 162,231	\$ 8,627,779	\$ 8,465,548	1.88%	\$ 2,504,505	338.01%

Schedule of Actuarial Methods and Assumptions

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

Actuarial Methods

Valuation Date	7/1/2012
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar amount over thirty (30) years
Remaining Amortization Period	24 years

Actuarial Assumptions

Assumed Retirement Age	55
Discount Rate:	4.50%
Projected Salary Increase	3%
Health Care Cost Trend Rate	Initially 10%, reduced by decrements of 1% per year over 5 years; ultimate rate of 5%

BELMONT LIGHT
SCHEDULES OF SALES OF ELECTRICITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
SALES OF ELECTRICITY:		
Residential	\$ 12,827,223	\$ 12,270,182
Commercial	3,412,948	3,202,137
Industrial	3,808,513	3,596,530
Municipal	899,240	855,655
Private Lighting	53,614	51,029
Street Lights	<u>266,266</u>	<u>259,496</u>
TOTAL SALES OF ELECTRICITY	<u><u>\$ 21,267,804</u></u>	<u><u>\$ 20,235,029</u></u>

See Independent Auditors' Report

BELMONT LIGHT
SCHEDULES OF OPERATIONS AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
POWER PRODUCTION EXPENSES:		
Purchased Power Expense	\$ 7,868,549	\$ 8,629,923
Transmission Expense	4,519,611	3,998,277
Total Power Production Expenses	12,388,160	12,628,200
DISTRIBUTION EXPENSES:		
Miscellaneous Distribution Expenses	99,325	104,201
Line Expenses	1,282,654	1,332,911
Operation Supplies and Expenses	413,247	420,300
Maintenance of Meters	151,350	123,493
Customer Installations Expense	93,614	116,878
Stores Expense	61,087	60,378
Total Distribution Expenses	2,101,277	2,158,161
CUSTOMER ACCOUNT EXPENSES:		
Customer Accounting and Collection Expense	383,461	357,969
Meter Reading Expense	85,517	79,515
Uncollectible Accounts	48,510	140,144
Total Customer Accounts	517,488	577,628
GENERAL AND ADMINISTRATIVE EXPENSES:		
Administrative and General Salaries	495,468	425,853
Office Supplies and Expenses	227,219	212,866
Outside Services Employed	633,100	378,355
Insurance, Injuries and Damages	108,981	128,185
Employees' Pension and Benefits	1,629,994	1,104,502
Dues, Meetings, and Other General Expenses	36,776	40,677
Transportation Expenses	79,988	51,903
Marketing Expenses	75,588	48,638
Total General and Administrative Expenses	3,287,114	2,390,979
MAINTENANCE EXPENSES:		
Maintenance - Other	279,262	267,653
TOTAL OPERATIONS AND MAINTENANCE EXPENSES	\$ 18,573,301	\$ 18,022,621

See Independent Auditors' Report