

BELMONT LIGHT
Financial Statements
December 31, 2015 and 2014

BELMONT LIGHT
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DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Belmont Light
Belmont, Massachusetts 02478

We have audited the accompanying financial statements of Belmont Light, as of and for the years ended December 31, 2015 and 2014, 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.

Auditors' 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 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 respective financial position of Belmont Light as of December 31, 2015 and 2014, and the respective changes in financial position and 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, 2015 and 2014, and the changes in financial position, or, where applicable, 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, Other Postemployment Benefits information, and Net Pension Liability information on pages three through ten and 32 through 34 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 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 supplementary information presented on pages 35 and 36 is presented for purposes of additional analysis and is 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 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
April 15, 2016

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, 2015 and 2014.

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, 2015, it shows our net position increased 23.5% compared to the year ended December 31, 2014. 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, 2015 and 2014 was \$3,342,522 and \$2,745,666, 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

	<u>2015</u>	<u>2014</u> (As Revised)
Current Assets	\$ 36,066,590	\$ 22,684,484
Noncurrent Assets	<u>45,408,460</u>	<u>29,157,904</u>
Total Assets	<u>81,475,050</u>	<u>51,842,388</u>
Deferred Outflows of Resources	<u>523,969</u>	<u>326,800</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 81,999,019</u>	<u>\$ 52,169,188</u>
Current Liabilities	\$ 29,518,987	\$ 2,660,069
Noncurrent Liabilities	<u>35,645,243</u>	<u>36,339,706</u>
Total Liabilities	<u>65,164,230</u>	<u>38,999,775</u>
Deferred Inflows of Resources	<u>\$ 2,692,120</u>	<u>\$ 1,719,266</u>

Summary of Net Position (Continued)

	2015	2014 (As Revised)
Net Position:		
Net Investment in Capital Assets, Net of Related Debt	\$ 8,415,101	\$ 6,520,835
Restricted for Depreciation	4,199,884	2,951,083
Restricted for Debt Service	0	1,161,992
Restricted for Grant Program	3,248	4,140
Unrestricted Net Position	<u>1,524,436</u>	<u>812,097</u>
Total Net Position	<u>14,142,669</u>	<u>11,450,147</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 81,999,019</u>	<u>\$ 52,169,188</u>

Summary of Changes in Net Position

	2015	2014 (As Revised)
Operating Revenues	\$ 25,468,240	\$ 23,803,799
Operating Expenses	<u>22,227,005</u>	<u>20,857,936</u>
Operating Income	3,241,235	2,945,863
Nonoperating Revenues (Expenses)	<u>101,287</u>	<u>(200,197)</u>
Income Before Contributions and Transfers	3,342,522	2,745,666
Beginning Net Position	11,450,147	9,354,481
Transfers Out – Payment in Lieu of Taxes	<u>(650,000)</u>	<u>(650,000)</u>
Ending Net Position	<u>\$ 14,142,669</u>	<u>\$ 11,450,147</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

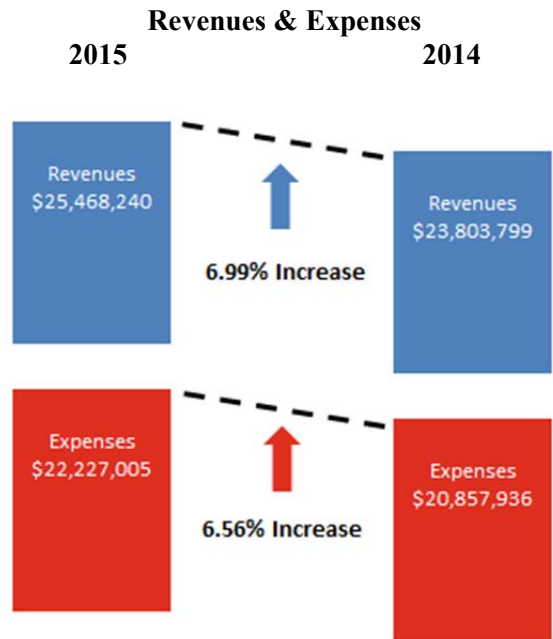
Compared to industry standards Belmont Light continues to provide a high level of system reliability as evidenced by Belmont Light's performance in 2015.

- Revenues from the sale of electricity increased by 6.99%.
- 125,605,633 kWh of electricity to 11,257 customer accounts.
- Highest system peak demand of 30.28 MWh occurred on July 20, 2015.
- Top 20 kWh users generate ~20% of Belmont Light revenue.

Operating Overview

2015 Revenue

Revenue from the sale of electricity increased \$1,655,507 due to a full year of increased rates implemented mid-2014 and full year of Purchased Power and Transmission Adjustment tariff used to cover purchased power costs. Other operating income increased \$8,934.



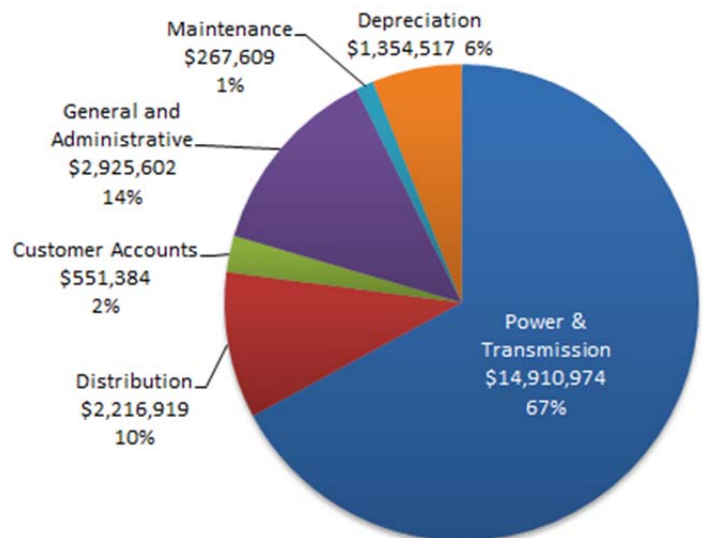
2015 Expenses vs. 2014 Expenses

Power costs reflect a \$1,163,781 (8%) increase due to higher energy costs in 2015.

Distribution expenses increased \$170,498 (8%) due to new engineer positions filled in January 2015, and union rate increases.

Customer Accounts costs increased \$50,678 (10%) due to meter maintenance and license fees for new software and changes in liens accounting.

General & Administrative expenses decreased by \$87,982 (3%) due to Outside Services & Consultant expenses decrease as a result of the IT & Network isolation; transportation services decrease; and reduction of OPEB expenses based on the recent actuary study.



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 \$37 million (\$3.1 million for Distribution Plant, \$3 million for General Plant and \$30.9 million for Construction Work In Progress). Of the \$15.2 million increase in Construction Work In Progress, \$14.7 million was attributed to the 115KV substation project funded by Town issued General Obligation Bonds and Bond Anticipation Notes.

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 BAN was refinanced and matured on April 25, 2014. On April 25, 2014 the BAN was converted to permanent bond financing with an additional \$12,100,000 borrowed. The \$26,100,000 general obligation bond is to be used to finance the 115kV Transmission Service Upgrade Project. Principal payments are due annually on April 15. Interest is due semi-annually on each April 15 and October 15. The interest rate ranges from 2.75% to 4.00% over the term of the bond. The bond matures on April 15, 2032 and April 15, 2034, respectively. At December 31, 2015 and 2014 the amount outstanding was \$25,110,000 and \$26,100,000, respectively. Capitalized interest expense relating to this bond amounted to \$955,705 and \$681,323 as of December 31, 2015 and 2014, respectively.

On May 7, 2015, the Town issued a BAN in the aggregate amount of \$26,461,606. Proceeds are to be used to further finance the 115kv Transmission service upgrade project. Bearing interest at 0.7% the principal balance matures May 4, 2016. Accrued interest for Belmont Light’s share of this BAN amounted to \$123,323 as of December 31, 2015, which has been capitalized. The BAN included a bond premium of \$61,606 which will be amortized over the life of the bond. As of December 31, 2015 the principal balance was \$26,400,000, and the remaining unamortized premium on the BAN was \$20,535. The BAN is expected to be refinanced as a General Obligation Taxable BAN in May of 2016. The refinanced BAN will include an additional \$1,200,000 of principal for a total issue of \$27,600,000.

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 accordance with our 2013 Energy Resources Policy, Belmont Light supports the development of environmentally benign power sources whenever it is cost-effective and feasible to do so. To this end, in 2015, Belmont Light continued to receive output from Spruce Mountain Wind and Saddleback Ridge Wind Projects under Purchase Power Agreements (PPA) executed in 2010 and 2013, respectively. By committing to buy power from these wind developments, Belmont Light helps ensure their continued operation. Belmont Light also executed a new PPA in 2015 to buy a portion of the output from a large-scale solar development in western Massachusetts that is expected to reach commercial operation by early 2016. Belmont Light’s initial expression of interest and official PPA, along with those from other Massachusetts municipal utilities, were instrumental in solidifying that the solar project would be built.

Belmont Light customers directly contributed to our supply portfolio and renewable energy efforts this past year. Participants in the 2015 Green Choice Program funded the retirement of 226 Massachusetts Class I Renewable Energy Certificates (RECs) that represent 226,200 kWh of New England-based, renewable energy generation. Under Belmont Light's Policy on Emission-Free Renewable Energy (EFR) Facilities, effective December 1st, residential and commercial customers provided approximately 73,363 kWh of distributed solar photovoltaic (PV) electricity in 2015. The EFR Policy was approved by the Municipal Light Board based on the recommendations of the Temporary Net Metering Working Advisory Group.

In 2016, Belmont Light will continue to seek opportunities to acquire contract rights for proposed wind and solar energy projects throughout New England. We will also evaluate additional options for procuring and retiring RECs as a method to further support renewable energy resources.

Rates

While we cannot shield our customers from the reality of increased power costs in the future, we can promise our customers that we will make every effort to control costs.

There were no changes in Belmont Light's base rates for residential, commercial, and municipal customers from 2014, however, starting on January 1st Belmont Light adjusted its Purchased Power and Transmission Charge (PPTA) to \$0.0105, assuming a 12-month recovery basis. From January through June 2015, \$583,000 was collected via the PPTA. The PPTA was decreased for the second half of the year based on updated estimates for purchased power costs. The adjusted charge of \$0.0062 took effect on September 1st. The total amount collected via the PPTA during 2015 was \$1,085,669. A new rate for customers with interconnected emission-free renewable wind and solar facilities also took effect on December 1, 2015, which reduced the buyback credit for excess energy from Belmont Light's full, applicable retail rate to 11 cents per kilowatt-hour. Detailed information on Belmont Light's rates is available at www.belmontlight.com.

Demand Side Management

2015 Leading By Example Award

Belmont Light maintains a commitment to promoting the efficient use of energy, especially in light of increasing energy costs in New England. In 2015, Belmont Light was honored for this commitment when its demand-side management programming helped earn Belmont a 2015 Leading by Example Award from the Massachusetts Department of Energy Resources (MA DOER). The award is given annually to recognize outstanding efforts among Commonwealth agencies, public colleges and universities, and municipalities that have implemented policies and programs that have led to significant and measurable environmental and energy benefits.

Energy Efficiency Grant Program

Also in 2015, Belmont Light continued its Energy Efficiency Grant Program. Through the program, which launched in October 2014, funded by a MA DOER \$250,000 award, and finishes in April 2016, Belmont Light aims to: 1) allocate 100 grants for home weatherization services, 2) provide 50 grants for high efficiency heat pump systems, and 3) install 100 LED streetlights in town.

Over 150 residential customers completed weatherization reviews through the program in 2015. Of the participating households, 115, or 76.7 percent, were found to have an opportunity for weatherization and over half of these participants (63 households) received grants after making qualifying weatherization improvements. This "conversion rate" is much higher than those of other successful energy efficiency programs. The 63 grants in 2015 bring Belmont Light to the 90 percent mark on its goal of 100 weatherization grants by the program deadline. With many weatherization grant requests still in the pipeline during 2015, Belmont Light reached its goal of 100 weatherization's in January 2016.

The Energy Grant Program also offers hefty discounts on efficient heating/cooling systems. When customers convert to electric heat pump systems, they can reduce their energy bills while minimizing their carbon footprints by up to 60%. 75 customers requested information about Belmont Light's heat pump grant opportunities via the program website in 2015. 24 of these customers purchased and installed a heat pump system and received a program grant, which brings Belmont Light about halfway toward its goal of 50 heat pump grants. Providing the remainder of the heat pump grants will be an important goal for Belmont Light during early 2016.

The municipal project for the program entails the installation of 100 LED streetlight luminaires in Belmont to replace less efficient, more costly high-pressure sodium bulbs. Preliminary planning, surveying, and purchasing work for the streetlights occurred in 2015 and installation was complete by April 2016.

Once complete, the Energy Grant Program will have a strong, recurring impact on energy savings in Belmont. The residential energy efficiency programs offered through this program are expected to save 6,065 MMBtu of electricity annually. The streetlight project is expected to save 26,000 kWh per year.

Other Highlights

Additional demand-side management highlights for 2015 include:

- A successful peak reduction pilot program that resulted in energy reductions of 10-15 percent among participants.
- Providing \$7,925 in rebates for residents who participated in the 2015 ENERGY STAR Appliance Rebate Program.
- Donating over 4,500 energy-efficient light bulbs to customers, property owners, and area schools.

Looking forward to 2016, Belmont Light plans to debut a full-fledged version of the peak reduction program successfully piloted during 2015, an electric vehicle program aimed at increasing the number of climate-friendly automobiles in town, and extended discounts for heat pump systems.

Community Outreach

Belmont Light staff worked closely with the community throughout 2015 to spread awareness about electricity and energy issues, with an emphasis on bill management and energy conservation. In 2015, Belmont Light participated in and supported:

- Belmont Town Day;
- Meet Belmont;
- Civic and community organizations, including the Belmont Foundation for Education, the Beech Street Senior Center, the Belmont Department of Veterans' Services, and the Belmont Energy Committee;
- Educational events at Belmont schools;
- The Belmont Farmers' Market;
- The Green Cup Energy Challenge;
- The Good Neighbor Energy Fund;
- Belmont Goes Solar;
- Public presentations and forums; and
- The Annual Tree Lighting Ceremony.

Belmont Light also held its third annual Winter Solstice event in December. At the event, residents donated over 75 blankets to Mission of Deeds, a local charity that provides household essentials to residents in need. Belmont Light further encouraged energy conservation through the publication of its annual historic calendar in December.

2015 Activities

Advanced Metering

Belmont Light continued to modernize its infrastructure through its advanced metering project, which reached the 95% completion point in 2015. The project entails the installation of state-of-the art hardware, software, and communications networking equipment that will create opportunities for energy savings, operations efficiency, enhanced customer service, and reduced energy costs. The “smart” electric meters installed as part of the project communicate via a highly secure, town-wide, 900-MHz private network. Data collected from these meters will ultimately be made available to customers through a web portal, making it easy to analyze and manage their electricity usage. Smart meter installation will be completed by mid-2016.

Blair Pond Substation and 115 kV Transmission Project

An exciting amount of progress was achieved on Belmont Light’s substation and transmission project in 2015. The project will significantly improve Belmont’s aging and unreliable electric infrastructure and is a critical step in ensuring that Belmont Light customers continue to receive safe, reliable power for decades to come.

Under the Joint Development Agreement dated May 22, 2013, Eversource (NSTAR) has agreed that Belmont Light will design and construct the project. Eversource (NSTAR) will ultimately own, through direct procurement or purchase from Belmont, the portion of the project referred to as the Transmission Project.

With most of the project’s planning and permitting phases completed by late 2014, the primary focus in 2015 was the construction of the new Blair Pond Substation. The project team broke ground at the Flanders Road site in June and construction followed at a steady, impressive pace. By the end of 2015, the substation building’s external structure was erected and visible to the passerby, the building was weathertight, and the first of the substation’s major equipment was delivered. A transformer will be delivered in 2016, which will mark the final major phase of construction for the Blair Pond Substation. Once the work of installing the transformer is complete, smaller equipment will be hooked up and minor construction inside the substation building will continue until the substation’s target completion date of June 2016.

As the substation building neared completion in late 2015, the construction phase for on the 115 kV transmission line was just beginning. The contract for the installation of the transmission line pipe was awarded in August. Preliminary site work began in late 2015, with more substantial inspection and clearing work scheduled for early 2016. Once the pipe has been installed along the transmission line’s one-mile long route, the 115 kV cable will be pulled through by summer 2016, ultimately being connected and tested next fall.

The project progressed smoothly in 2015, however, the year was not without its challenges. Due to changing MBTA policies and strict regional electricity rules, the Belmont Light project team decided in late 2015 to change the target energization date for the project from June 2016 to October 2016. This schedule adjustment does not affect ongoing construction at the substation building or on the transmission line and will not increase Belmont’s costs for the project. The new energization date will ultimately help preserve overall project quality.

Infrastructure & Development Projects

Belmont Light’s operations team supported a number of important infrastructure and building projects in town this past year. For instance, we added approximately 12,000 new circuit feet of cable to our existing electric distribution system to power the Acorn Park housing development. We also adjusted poles and manholes along Trapelo Road to allow for the MassDOT Trapelo Road project to be completed, and provided engineering plans for the Oakmont Lane and Saint James Court Developments. Belmont Light’s field and engineering staff looks forward to continued work at Acorn Park, Oakmont Lane, Saint James Court, and the Blair Pond Substation in 2016.

Billing System Upgrade

Belmont Light worked collaboratively with staff from other town departments throughout 2015 on a project to upgrade Belmont Light's billing and financial system. The goal of the project is to implement a fully integrated and innovative system that will satisfy all of Belmont Light and the town's applicable billing needs.

The project began in mid-2014 when Belmont Light alerted the Municipal Light Board and impacted town departments of a critical need to change billing systems, and later released an RFP soliciting interest from potential software vendors. After a rigorous evaluation process that finished in February 2015, Belmont Light and town staff selected NISC as the successful vendor. Belmont Light concluded contract negotiations with NISC this past August. In the months since, Belmont Light has meticulously reviewed potential system functionalities and settings for the finalized system structure. Preliminary implementation work began in late 2015 and the new system is expected to be fully operational in October 2016. The transition to a new financial and billing system will be a major, complex, and important project for Belmont Light staff for all of 2016.

Reserves

In 2015, Belmont Light continued to build its stability through funding Rate Stabilization and Construction Reserve Funds to be in line with the industry standards.

BELMONT LIGHT
STATEMENTS OF NET POSITION
DECEMBER 31, 2015 AND 2014

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2015	2014 (As Revised)
CURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Operating Cash	\$ 7,915,123	\$ 7,517,359
General Bond Fund	24,581,638	11,644,198
Accounts Receivable - Customers, Net	1,308,041	1,263,485
Accounts Receivable - Other	87,808	139,376
Materials and Supplies	383,269	349,560
Prepaid Insurance	118,629	92,582
Purchased Power Prepayments	1,672,082	1,677,924
 TOTAL CURRENT ASSETS	 36,066,590	 22,684,484
 NONCURRENT ASSETS:		
Funds on Deposit with Town Treasurer		
Depreciation Fund	4,199,884	2,951,083
Customer Deposits	126,055	132,305
Rate Stabilization Reserve Fund	2,016,618	1,314,433
Debt Sinking Reserve Fund - Premium	1,591,456	1,576,437
Rate Stabilization Reserve Fund - MMWEC	402,122	398,744
Utility Plant Assets, Net	37,072,325	22,784,902
 TOTAL NONCURRENT ASSETS	 45,408,460	 29,157,904
 TOTAL ASSETS	 81,475,050	 51,842,388
 DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pensions	523,969	326,800
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 \$ 81,999,019	 \$ 52,169,188

See Accompanying Notes to Financial Statements

BELMONT LIGHT
STATEMENTS OF NET POSITION
DECEMBER 31, 2015 AND 2014

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2015	2014 (As Revised)
CURRENT LIABILITIES:		
Short-Term Debt Expected to be Refinanced:		
Bond Anticipation Note	\$ 26,420,535	\$ 0
Bond Payable, Current	1,104,938	990,000
Accounts Payable	1,372,114	1,192,396
Accrued Expenses	621,400	477,673
TOTAL CURRENT LIABILITIES	29,518,987	2,660,069
NONCURRENT LIABILITIES:		
Customer Deposits	125,855	132,505
Bond Payable, Net of Current Portion	25,713,389	26,918,265
Net Pension Liability	6,236,954	6,091,768
Other Postemployment Benefits Obligation	3,569,045	3,197,168
TOTAL NONCURRENT LIABILITIES	35,645,243	36,339,706
TOTAL LIABILITIES	65,164,230	38,999,775
DEFERRED INFLOWS OF RESOURCES:		
Rate Stabilization Reserve	2,418,740	1,713,177
Contribution in Aid of Construction, Net of Amortization	273,380	6,089
TOTAL DEFERRED INFLOWS OF RESOURCES	2,692,120	1,719,266
NET POSITION:		
Net Investment in Capital Assets, Net of Related Debt	8,415,101	6,520,835
Restricted for Depreciation	4,199,884	2,951,083
Restricted for Debt Service	0	1,161,992
Restricted for Grant Program	3,248	4,140
Unrestricted Net Position	1,524,436	812,097
TOTAL NET POSITION	14,142,669	11,450,147
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 81,999,019	\$ 52,169,188

See Accompanying Notes to Financial Statements

BELMONT LIGHT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

OPERATING FUND

	<u>2015</u>	<u>2014</u> (As Revised)
OPERATING REVENUES:		
Sales of Electricity	\$ 25,237,886	\$ 23,582,379
Other Operating Revenues	<u>230,354</u>	<u>221,420</u>
 TOTAL OPERATING REVENUES	 <u>25,468,240</u>	 <u>23,803,799</u>
 OPERATING EXPENSES:		
Operations and Maintenance	20,872,488	19,576,084
Depreciation, Net of Amortization	<u>1,354,517</u>	<u>1,281,852</u>
 TOTAL OPERATING EXPENSES	 <u>22,227,005</u>	 <u>20,857,936</u>
 OPERATING INCOME	 <u>3,241,235</u>	 <u>2,945,863</u>
 NONOPERATING REVENUES (EXPENSES):		
Investment Income	102,354	76,476
Interest Expense	(176)	(9)
Bond Issuance Costs	0	(280,804)
Grant Income	120,125	60,063
Grant Expenses	<u>(121,016)</u>	<u>(55,923)</u>
 TOTAL NONOPERATING REVENUES (EXPENSES)	 <u>101,287</u>	 <u>(200,197)</u>
 Income Before Contributions and Transfers	 3,342,522	 2,745,666
 NET POSITION - JANUARY 1	 11,450,147	 9,354,481
 Transfers Out - Payment in Lieu of Taxes	 <u>(650,000)</u>	 <u>(650,000)</u>
 NET POSITION - DECEMBER 31	 <u><u>\$ 14,142,669</u></u>	 <u><u>\$ 11,450,147</u></u>

See Accompanying Notes to Financial Statements

BELMONT LIGHT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

OPERATING FUND

	<u>2015</u>	<u>2014</u> (As Revised)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 26,174,165	\$ 24,300,310
Cash Paid to Suppliers	(16,172,794)	(15,259,664)
Cash Paid to Employees	(2,735,987)	(2,632,109)
Cash Paid for Benefits	(1,471,632)	(1,535,900)
Payment in Lieu of Taxes	(650,000)	(1,300,000)
	<u>5,143,752</u>	<u>3,572,637</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grant Income	120,125	60,063
Grant Expense	(121,016)	(55,923)
Interest Expense	(176)	(9)
	<u>(1,067)</u>	<u>4,131</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Advance on Bond Anticipation Note	26,461,606	0
Bond Proceeds	0	12,100,000
Principal Repayment on Bond Payable	(990,000)	0
Contribution in Aid of Construction	267,612	0
Additions to Plant Assets	(571,574)	(569,922)
Additions to Construction in Progress	(15,097,842)	(6,496,394)
	<u>10,069,802</u>	<u>5,033,684</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Income	78,652	453
Net Transfer from Operations	(1,962,185)	(1,608,597)
	<u>(1,883,533)</u>	<u>(1,608,144)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,328,954	7,002,308
CASH AND CASH EQUIVALENTS - BEGINNING	19,293,862	12,291,554
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 32,622,816</u>	<u>\$ 19,293,862</u>

See Accompanying Notes to Financial Statements

BELMONT LIGHT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

OPERATING FUND

	2015	2014 (As Revised)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 3,241,235	\$ 2,945,863
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,354,837	1,282,172
Amortization of Contribution in Aid of Construction	(320)	(320)
Allowance for Doubtful Accounts	9,392	(15,840)
Rate Stabilization Reserve	705,563	402,260
Payment in Lieu of Taxes	(650,000)	(650,000)
(Increase) Decrease in Assets:		
Accounts Receivable - Customers, Net	(53,948)	158,394
Accounts Receivable - Other	51,568	(47,233)
Materials and Supplies	(33,709)	(7,864)
Deferred Outflows Related to Pensions	(197,169)	0
Prepaid Insurance	(26,047)	(11,828)
Purchased Power Prepayments	5,842	(25,463)
Increase (Decrease) in Liabilities:		
Accounts Payable	179,718	(218,190)
Customer Deposits	(6,650)	(1,070)
Accrued Expenses	29,874	(645,312)
Net Pension Liability	145,186	0
Other Postemployment Benefits Obligation	388,380	407,068
Net Cash Provided by Operating Activities	\$ 5,143,752	\$ 3,572,637

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

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

	2015	2014 (As Revised)
Operating Cash	\$ 7,915,123	\$ 7,517,359
General Bond Fund	24,581,638	11,644,198
Customer Deposits	126,055	132,305
	\$ 32,622,816	\$ 19,293,862

See Accompanying Notes to Financial Statements

BELMONT LIGHT
 STATEMENTS OF NET POSITION
 DECEMBER 31, 2015 AND 2014

OPEB TRUST FUND

ASSETS

	2015	2014
Funds on Deposit with Town Treasurer		
Cash and Cash Equivalents	\$ 201,758	\$ 181,457

NET POSITION

NET POSITION - Restricted	\$ 201,758	\$ 181,457
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 BELMONT LIGHT
 STATEMENTS OF CHANGES IN NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

OPEB TRUST FUND

	2015	2014
Contributions	\$ 16,503	\$ 11,920
Net Investment Income	3,798	7,306
CHANGES IN NET POSITION	20,301	19,226
NET POSITION - JANUARY 1	181,457	162,231
NET POSITION - DECEMBER 31	\$ 201,758	\$ 181,457

See Accompanying Notes to Financial Statements

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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 2015 and 2014 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.

Materials and Supplies

Materials and supplies are valued using the average cost method.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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

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.

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.

Reclassification

Certain prior year amounts have been reclassified to conform to the 2015 presentation.

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.

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.

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.

Unbilled Revenue

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

BELMONT LIGHT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015 AND 2014

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

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 Belmont Contributory Retirement System (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statements of net position will sometimes report a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements, deferred outflows and inflows of resources, represent a consumption of net position that applies to a future period and so will not be recognized as an outflow/inflow of resources (expense/expenditure) until then.

Financial Statement Revision

Belmont Light revised its beginning net position through the implementation of GASB Statements #68 and #71 related to accounting for pensions. The cumulative effect of this revision was to reduce the prior year total net position by \$5,764,968.

NOTE 2 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS:

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, is required to be implemented for periods beginning after June 15, 2017. Belmont Light is currently evaluating the effect this pronouncement will have on the basic financial statements.

NOTE 3 - ACCOUNTS RECEIVABLE - CUSTOMERS, NET:

	<u>2015</u>	<u>2014</u>
Accounts Receivables - Customers	\$ 1,457,820	\$ 1,403,872
Allowance for Doubtful Accounts	<u>(149,779)</u>	<u>(140,387)</u>
Net Accounts Receivable - Customers	<u>\$ 1,308,041</u>	<u>\$ 1,263,485</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, 2015 and 2014 was \$2,418,740 and \$1,713,177, 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.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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, 2015 and 2014 was \$4,199,884 and \$2,951,083, respectively.

NOTE 6 - UTILITY PLANT ASSETS:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
Capital Assets Not Being Depreciated:				
Land	\$ 9,349	\$ 0	\$ 0	\$ 9,349
Construction in Progress	15,908,558	15,070,686	0	30,979,244
Total Capital Assets Not Being Depreciated	<u>15,917,907</u>	<u>15,070,686</u>	<u>0</u>	<u>30,988,593</u>
Capital Assets Being Depreciated:				
Distribution Plant	18,169,332	460,171	(427,689)	18,201,814
General Plant	8,927,426	111,403	(67,730)	8,971,099
Total Capital Assets Being Depreciated	<u>27,096,758</u>	<u>571,574</u>	<u>(495,419)</u>	<u>27,172,913</u>
Less Accumulated Depreciation For:				
Distribution Plant	(14,658,586)	(908,466)	427,689	(15,139,363)
General Plant	(5,571,177)	(446,371)	67,730	(5,949,818)
Total Accumulated Depreciation	<u>(20,229,763)</u>	<u>(1,354,837)</u>	<u>495,419</u>	<u>(21,089,181)</u>
Capital Assets Being Depreciated, Net	<u>6,866,995</u>	<u>(783,263)</u>	<u>0</u>	<u>6,083,732</u>
Utility Plant Assets, Net	<u>\$ 22,784,902</u>	<u>\$ 14,287,423</u>	<u>\$ 0</u>	<u>\$ 37,072,325</u>

NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS:

	<u>2015</u>	<u>2014</u>
Cost of Capital Assets Acquired	\$ 58,161,506	\$ 43,014,665
Less: Accumulated Depreciation	(21,089,181)	(20,229,763)
Less: Outstanding Debt Related to Capital Assets	<u>(28,657,224)</u>	<u>(16,264,067)</u>
Net Investment in Capital Assets	<u>\$ 8,415,101</u>	<u>\$ 6,520,835</u>

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 8 - CONSTRUCTION IN PROGRESS:

Belmont Light is in the process of building a new substation to upgrade their transmission service to 115kv. In 2015 and 2014, Belmont Light invested \$14,542,580 and \$6,137,833, respectively, in the 115kv transmission service upgrade. The total amount invested in the 115kv Project as of December 31, 2015 and 2014 was \$30,347,684 and \$15,805,104, respectively.

In 2011, Belmont Light began the L370 Smart Meter Project for implementation of smart meters. As of December 31, 2015, the smart meter project was 95% complete and all smart meters installed have been capitalized.

During the years ended December 31, 2015 and 2014, Belmont Light invested \$37,682 and \$64,327, respectively, in the Trapelo Road Project to widen Trapelo Road, which is reimbursable from the State. The total amount invested in the Trapelo Road Project as of December 31, 2015 and 2014 was \$141,136 and \$103,454, respectively.

During the year ended December 31, 2015, Belmont Light began construction on several new projects. As of December 31, 2015 the total amount invested in these projects was \$490,424.

NOTE 9 - BOND ANTICIPATION NOTE:

On May 7, 2015, the Town issued a Bond Anticipation Note (BAN) in the aggregate amount of \$26,461,606. Proceeds are to be used to further finance the 115kv Transmission service upgrade project. Bearing interest at 0.7% the principal balance matures May 4, 2016. Accrued interest for Belmont Light's share of this BAN amounted to \$123,323 as of December 31, 2015, which has been capitalized. The BAN included a bond premium of \$61,606 which will be amortized over the life of the bond. As of December 31, 2015 the principal balance was \$26,400,000, and the remaining unamortized premium on the BAN was \$20,535. The BAN is expected to be refinanced as a General Obligation Taxable BAN in May of 2016. The refinanced BAN will include an additional \$1,200,000 of principal for a total issue of \$27,600,000.

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 BAN was refinanced and matured on April 25, 2014. On April 25, 2014 the BAN was converted to permanent bond financing with an additional \$12,100,000 borrowed. The \$26,100,000 general obligation bond is to be used to finance the 115kV Transmission Service Upgrade Project. Principal payments are due annually on April 15. Interest is due semi-annually on each April 15 and October 15. The interest rate ranges from 2.75% to 4.00% over the term of the bond. The bonds mature April 15, 2032 and April 15, 2034, respectively.

At December 31, 2015 and 2014, the outstanding amount was \$25,110,000 and \$26,100,000, respectively. Capitalized interest expense relating to this bond amounted to \$955,705 and \$681,323 as of December 31, 2015 and 2014, respectively.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 10 - BONDS PAYABLE (Continued):

Future Maturities of the bonds are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For The Year Ending December 31,	2016	\$ 1,005,000	\$ 925,275	\$ 1,930,275
	2017	1,045,000	889,500	1,934,500
	2018	1,080,000	852,225	1,932,225
	2019	1,120,000	808,225	1,928,225
	2020	1,170,000	762,425	1,932,425
	2021-2025	6,580,000	3,045,200	9,625,200
	2026-2030	7,885,000	1,737,344	9,622,344
	2031-2034	<u>5,225,000</u>	<u>322,169</u>	<u>5,547,169</u>
		25,110,000	<u>\$ 9,342,363</u>	<u>\$ 34,452,363</u>
Plus: Unamortized Bond Premium		1,708,327		
Less: Current Maturities of Long Term Debt		<u>(1,104,938)</u>		
		<u>\$ 25,713,389</u>		

NOTE 11 - ACCRUED EXPENSES:

Accrued expenses as of December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Sales Tax	\$ 19,088	\$ 14,244
Interest on Bonds and BAN	322,213	208,360
Accrued Payroll	92,941	77,517
Compensated Absences	<u>187,158</u>	<u>177,552</u>
Total Accrued Expenses	<u>\$ 621,400</u>	<u>\$ 477,673</u>

NOTE 12 - RELATED PARTY TRANSACTIONS:

In 2015 and 2014, Belmont Light received payments from the Town in the amount of \$1,821,319 and \$1,414,871, respectively, and made payments to the Town in the amount of \$1,866,948 and \$2,535,377, respectively. At December 31, 2015 and 2014, the outstanding receivable balance was \$45,566 and \$64,215, respectively. As of December 31, 2015 and 2014 there were no outstanding balances due to related parties.

NOTE 13 - 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, 2015 AND 2014

NOTE 14 - CASH AND INVESTMENTS:

Concentration of Credit Risk

Belmont Light's deposits with the Town Treasurer are invested with various financial institutions. 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) and Securities Investor Protection Corporation (SIPC). The amount of insurance coverage for Belmont Light deposits is not determinable because the limits of insurance are computed on a town-wide basis.

Custodial Credit Risk - Deposits on Investments

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

Interest Rate Risk

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

As of December 31, 2015 and 2014, Belmont Light had the following investments and maturities:

	Ratings As of <u>Year End</u>	2015 Fair <u>Value</u>	2015 Under 1 <u>Year</u>	2015 <u>1-5 Years</u>	2014 <u>Fair Value</u>
Term Securities					
Certificates of Deposit	Exempt	\$ 4,858,874	<u>\$ 3,244,979</u>	<u>\$ 1,613,895</u>	\$ 2,750,452
Other Securities					
Cash Balance		14,459			813,838
Money Market Funds		<u>2,934,625</u>			<u>2,277,663</u>
Total Investments		<u>\$ 7,807,958</u>			<u>\$ 5,841,953</u>

As of December 31, 2015, 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.

The following accounts were considered to be investments as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Depreciation Fund	\$ 4,199,884	\$ 2,951,083
Rate Stabilization Fund	2,016,618	1,314,433
Debt Sinking Reserve Fund - Premium	<u>1,591,456</u>	<u>1,576,437</u>
	<u>\$ 7,807,958</u>	<u>\$ 5,841,953</u>

BELMONT LIGHT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015 AND 2014

NOTE 15 - 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, 2015 and 2014.

NOTE 16 - DOER GRANT:

Belmont Light was awarded a grant of \$240,250 to fund two energy efficiency programs and a municipal energy efficiency project from the Massachusetts Department of Energy Resources (DOER) Green Communities Division. The two residential programs were launched on October 15, 2014. Sagewell, Inc. has been contracted to serve as the program administrator for both residential programs. The municipal project will provide funds for LED streetlights in the Town of Belmont. For the years ended December 31, 2015 and 2014 the department received \$120,125 and \$60,063, respectively, of grant funding. Grant expenditures for the years ended December 31, 2015 and 2014 were \$121,016 and \$55,923, respectively.

NOTE 17 - 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.

NOTE 18 - 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 the year 2041.

BMLD's annual energy costs related to its long-term power purchase commitments as of 2015 are approximately as follows:

For Years Ending December 31,	2016	\$	5,913,778
	2017		1,850,236
	2018		1,511,018
	2019		846,578
	2020		848,933
	2021-2025		4,223,999
	2026-2030		2,657,631
	2031-2035		2,054,664
	2036-2040		410,396
	2041		77,242
		\$	20,394,475

BELMONT LIGHT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015 AND 2014

NOTE 19 - OTHER POSTEMPLOYMENT BENEFITS LIABILITY TRUST FUND:

The Other Postemployment Benefits Liability Trust Fund was established by vote of the Board of Light Commissioners. The Board voted to accept the provisions of MGL Chapter 32B, Section 20 which establishes a separate Fund and a funding schedule for the Fund. The schedule and any future updates shall be designed, consistent with standards issued by the Governmental Accounting Standards Board, to reduce the unfunded actuarial liability of health care and other postemployment benefits to zero as of an actuarially acceptable period of years and to meet the normal cost of all future benefits for which the government unit is obligated. The Fund is held under the custodianship of the treasurer of the Town of Belmont. Belmont Light's share of the Trust Fund as of December 31, 2015 and 2014, was \$201,758 and \$181,457, respectively.

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.

As of July 1, 2014 Belmont Light's membership consisted of the following:

Current retirees beneficiaries	21
Current active members	29
Total	50

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 \$470,402 and \$484,968 for the years ended December 31, 2015 and 2014, 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.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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

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 preceding information shows the components of Belmont Light's annual OPEB cost for the years ending December 31, 2015 and 2014, 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, 2014.

	<u>2015</u>	<u>2014</u>
Normal cost	\$ 169,753	\$ 169,753
Amortization of unfunded actuarial accrued liability	424,669	424,669
Interest	<u>26,749</u>	<u>26,749</u>
Annual required contribution	621,171	621,171
Interest on net OPEB obligation	143,873	126,650
Adjustment to annual required contribution	(196,266)	(172,771)
Expected benefit payments	<u>(180,398)</u>	<u>(180,398)</u>
 Increase in net OPEB obligation	 388,380	 394,652
 Contributions to Trust Fund	 (16,503)	 (11,920)
 Net OPEB obligation – Beginning of Year	 3,197,168	 2,790,100
Change in Actuarial Assumptions	<u>0</u>	<u>24,336</u>
 Net OPEB obligation – End of Year	 <u>\$ 3,569,045</u>	 <u>\$ 3,197,168</u>

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>
2013	\$ 761,754	27%	\$ 2,790,100
2014	\$ 621,171	31%	\$ 3,197,168
2015	\$ 621,171	32%	\$ 3,569,045

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.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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

The funded status is as follows:

Actuarial accrued liability (AAL)	\$	7,393,170
Value of plan assets		(201,758)
Unfunded actuarial accrued liability	\$	7,191,412
Funded ratio (actuarial value of plan assets/AAL)		2.73%
Covered payroll (active plan members)	\$	2,735,987
UAAL as a percentage of covered payroll		262.85%

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, 2014 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 8.1% 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.

NOTE 21 - PENSION PLAN:

Plan Description - 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 cost-sharing multiple-employer contributory defined benefit plan for all town employees except those employees who are covered by teachers’ retirement board. The Plan’s separately issued financial statements can be obtained by contacting Belmont Contributory Retirement System at 455 Concord Avenue, 1st floor, Belmont, Massachusetts 02478.

Benefits Provided - The System provides retirement, disability and death benefits to plan members and beneficiaries. 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. For members 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. Benefit payments are based upon a member’s age, length of creditable service, level of compensation, and group classification.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 21 - PENSION PLAN (Continued):

There are three classes of membership in the retirement system: Group 1, Group 2, and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

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 if hired after 1978 and if classified in group 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in group 1, 55 years of age with 10 years of service if in group 2, and 55 years of age if classified in group 4 or hired prior to 1978. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions normal retirement is at age 55).

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions - Active members are required to contribute at rates from 5-9% 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. The Department is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the member units based on the actuarial study. The actuarially determined Department contribution is an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by the employees during the year, with an additional amount to finance the unfunded liability. The Department's contribution to the System for the year ended December 31, 2015 was \$653,600, of which \$326,800 was paid during calendar year 2014 and \$326,800 was paid during calendar year 2015.

Pension Liabilities - At December 31, 2015, Belmont Light reported a liability of \$6,236,954 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of January 1, 2014. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating member units. Belmont Light's portion of the net pension liability was based on the percentage of the Department's contributions to the total Town's contributions as of the measured date of December 31, 2014. At December 31, 2014, the Department's portion was 8.87% of the Town's total contributions.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 21 - PENSION PLAN (Continued):

Pension Expense - For the year ended December 31, 2015 Belmont Light recognized a pension expense of \$612,850. For the year ended December 31, 2015, Belmont Light reported deferred outflows of resources related to pensions of \$523,969, consisting of the differences between projected and actual investment earnings which amounted to \$185,936 and the amount paid for contributions made subsequent to the measurement date which amounted to \$338,033. Additionally, the changes in proportion of differences between employer contributions and proportionate share of contributions are not presented in the initial year of reporting in accordance with GASB Statements #68 and #71.

Belmont Light's net deferred outflows of resources related to pensions will be recognized in pension expense as follows:

For the Years Ended December 31:	2016	\$	384,517
	2017		46,484
	2018		46,484
	2019		<u>46,484</u>
	Total	\$	<u>523,969</u>

Actuarial Assumptions - The total pension liability as of December 31, 2015 was determined by an actuarial valuation as of January 1, 2014, using the actuarial assumptions on the following page, applied to all periods included in the measurement.

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level payments on the 2002 ERI liability, payments increasing 4.5% per year for the 2003 ERI liability, and remaining liability amortized so that total payment increases 6.97% annually.
Remaining Amortization Period	4 years from July 1, 2014 for the 2002 ERI liability, 11 years from July 1, 2014 for the 2003 ERI liability and 13 years from July 1, 2014 for the remaining unfunded liability.
Asset Valuation Method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected return on a market value basis, and is recognized over a five-year period at 20% per year, further adjusted, if necessary, to be within 20% of the market value.
Inflation Rate	Assumed rate of 4.00%
Projected Salary Increases	Varies by length of service with ultimate rates of 3.75% for Groups 1 and 2, and 4.25% for Group 4.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 21 - PENSION PLAN (Continued):

Actuarial Assumptions (continued):

Cost of Living Allowance	3.00% of first \$12,000 of retirement income.
Rates of Retirement	Varies based upon age for general employees, police and fire employees.
Mortality Rates:	
Pre-Retirement	RP-2000 Employee Mortality Table projected 27 years with Scale AA.
Healthy Retirees	RP-2000 Healthy Annuitant Mortality Table projected to 19 years with Scale AA.
Disabled Retirees	RP-2000 Healthy Annuitant Mortality Table set forward three years projected 19 years with Scale AA.
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation

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 category 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 pensions plan's target asset allocation as of December 31, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	6.60%
International Markets Equity	7.10%
Core Fixed Income	2.20%
High-Yield Fixed Income	4.70%
Real Estate	4.40%
Hedge Fund, GTAA, Risk Parity	3.90%
Cash	1.80%

Discount Rate - The discount rate used to measure the total pension liability was 7.75%. 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 Belmont Contributory Retirement System contributions will be made at rates equal to the actuarially determined contribution rates. 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.

BELMONT LIGHT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 21 - PENSION PLAN (Continued):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Belmont Contributory Retirement System, calculated using the discount rate of 7.75%, as well as what the Belmont Contributory Retirement System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Proportionate share of the Net Pension Liability	\$ 7,653,840	\$ 6,236,954	\$ 5,024,786

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Belmont Contributory Retirement System financial report.

BELMONT LIGHT
REQUIRED SUPPLEMENTAL INFORMATION
NET PENSION LIABILITY

OPERATING FUND

Schedule of Belmont Light's Proportionate Share of the Net Pension Liability

Belmont Light's Proportion of the Net Pension Liability		8.87 %
Belmont Light's Proportionate Share of the Net Pension Liability	\$	6,236,954
Belmont Light's Covered Employee Payroll*	\$	2,193,362
Net Pension Liability as a Percentage of Covered Employee Payroll		284.4%
Belmont Light's Proportionate Share of the Plan's Fiduciary Net Position as a Percentage of the Belmont Light's Total Pension Liability		54.54%

Note: This schedule is intended to present information for 10 years. Until a 10 year trend is compiled, information is presented for those years for which information is available.

*Covered employee payroll as of the measurement date of December 31, 2014.

BELMONT LIGHT
REQUIRED SUPPLEMENTAL INFORMATION
NET PENSION LIABILITY

OPERATING FUND

Schedule of Contributions

Actuarially Determined Contribution	\$ 653,599
Contributions in Relation to the Actuarially Determined Contribution	<u>653,599</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered Employee Payroll*	\$ 2,193,362
Contribution as a Percentage of Covered Employee Payroll	29.80%

Note: This schedule is intended to present information for 10 years. Until a 10 year trend is compiled, information is presented for those years for which information is available.

*Covered employee payroll as of the measurement date of December 31, 2014.

BELMONT LIGHT
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POSTEMPLOYMENT BENEFITS

OPERATING FUND

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%
7/1/2014	12/31/2014	\$ 181,457	\$ 7,393,170	\$ 7,211,713	2.45%	\$ 2,632,109	273.99%
7/1/2014	12/31/2015	\$ 201,758	\$ 7,393,170	\$ 7,191,412	2.73%	\$ 2,735,987	262.85%

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	7/1/2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar amount over thirty (30) years
Remaining Amortization Period	22 years

Actuarial Assumptions

Assumed Retirement Age	55
Discount Rate:	4.50%
Projected Salary Increase	3%
Health Care Cost Trend Rate	Initially 8.1%, 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, 2015 AND 2014

OPERATING FUND

	<u>2015</u>	<u>2014</u> (As Revised)
SALES OF ELECTRICITY:		
Residential	\$ 14,918,141	\$ 13,972,546
Commercial	4,091,142	3,855,008
Industrial	4,719,452	4,374,758
Municipal	1,153,861	1,025,104
Private Lighting	57,202	56,853
Street Lights	<u>298,088</u>	<u>298,110</u>
 TOTAL SALES OF ELECTRICITY	 <u><u>\$ 25,237,886</u></u>	 <u><u>\$ 23,582,379</u></u>

See Independent Auditors' Report

BELMONT LIGHT
SCHEDULES OF OPERATIONS AND MAINTENANCE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

OPERATING FUND

	<u>2015</u>	<u>2014</u> (As Revised)
POWER PRODUCTION EXPENSES:		
Purchased Power Expense	\$ 11,539,335	\$ 10,410,545
Transmission Expense	<u>3,371,639</u>	<u>3,336,648</u>
Total Power Production Expenses	<u>14,910,974</u>	<u>13,747,193</u>
DISTRIBUTION EXPENSES:		
Miscellaneous Distribution Expenses	122,920	102,781
Line Expenses	1,071,993	1,170,350
Operation Supplies and Expenses	795,193	527,559
Maintenance of Meters	133,740	119,017
Customer Installations Expense	29,602	69,356
Stores Expense	<u>63,471</u>	<u>57,358</u>
Total Distribution Expenses	<u>2,216,919</u>	<u>2,046,421</u>
CUSTOMER ACCOUNT EXPENSES:		
Customer Accounting and Collection Expense	376,958	400,115
Meter Reading Expense	101,413	89,315
Uncollectible Accounts	<u>73,013</u>	<u>11,276</u>
Total Customer Accounts	<u>551,384</u>	<u>500,706</u>
GENERAL AND ADMINISTRATIVE EXPENSES:		
Administrative and General Salaries	515,320	520,157
Office Supplies and Expenses	224,982	226,391
Outside Services Employed	354,758	400,413
Insurance, Injuries and Damages	147,643	121,999
Employees' Pension and Benefits	1,471,632	1,535,900
Dues, Meetings, and Other General Expenses	38,860	37,895
Transportation Expenses	65,539	94,972
Marketing Expenses	<u>106,868</u>	<u>75,853</u>
Total General and Administrative Expenses	<u>2,925,602</u>	<u>3,013,580</u>
MAINTENANCE EXPENSES:		
Maintenance - Other	<u>267,609</u>	<u>268,184</u>
TOTAL OPERATIONS AND MAINTENANCE EXPENSES	<u><u>\$ 20,872,488</u></u>	<u><u>\$ 19,576,084</u></u>

See Independent Auditors' Report